Supreme Court, U
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In the

Supreme Court of the United States

THE ESTATE OF BURNE HOGARTH, BURNE HOGARTH DYNAMIC MEDIA WORLDWIDE LLC, MICHAEL HOGARTH, as the child of deceased author Burne Hogarth, RICHARD HOGARTH, as the child of the deceased author Burne Hogarth and ROSS HOGARTH, as the child of the deceased author Burne Hogarth,

Petitioners,

v.

EDGAR RICE BURROUGHS, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Congress enacted the renewal provisions of § 24 of the 1909 Copyright Act to give an author a second chance to obtain fair remuneration for his creative efforts and to provide the author's family a "new estate" if the author died before the renewal period. The United States Courts of Appeals for the Second Circuit and the Fifth Circuit, however, have defined "author" to include those who commission and pay for a copyrightable work. The court below acknowledges that its precedents for treating a commissioned work as a work for hire contain inaccuracies and are inconsistent with this Court's historical account of the work for hire doctrine in *CCNV*, but has declined to overrule circuit precedent on the basis of what it calls "dictum" in a unanimous decision of this Court. The question presented is:

Whether the creators of commissioned works under the 1909 Copyright Act retain their renewal rights as authors under §24 because the work for hire doctrine codified in the 1909 Act pertains only to works made by traditional employees in the regular course of their employment.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, petitioner Burne Hogarth Dynamic Media Worldwide LLC states that it has no parent companies or nonwholly owned subsidiaries.

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OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-42a) is reported at 342 F.3d 149. The opinion of the district court entering judgment for respondent (App., *infra* 43a-113a), is unreported. The original opinion of the district court denying respondent's motion for summary judgment and petitioners' motion to disqualify respondent's counsel (App., *infra*, 114a-127a) is unreported.

JURISDICTION

The court of appeal's judgment was entered on August 29, 2003. A timely petition for rehearing was denied on October 15, 2003 (App., *infra*, 128a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

RELEVANT PROVISIONS

The Copyright Clause of the Constitution provides in relevant part:

> "The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.."

U.S. CONST. Art. I, sec. 8.

The relevant provision of Section 24 of the Copyright Act of 1909, 17 U.S.C. § 24, is reproduced at

(App., *infra*, 129a.) Section 62 the Copyright Act of 1909, 17 U.S.C. § 26, provides in relevant part:

> "That in the interpretation and construction of this Act . . . the word "author" shall include an employer in the case of works made for hire."

STATEMENT

This case raises important questions concerning the work-for-hire doctrine as applied to independent contractors under the 1909 Copyright Act and relates to the overall predictability and certainty of copyright ownership in the copyright market. As a threshold matter, the opinion below by Circuit Judge Jon O. Newman addresses at considerable length an apparent conflict between the language used in this Court's decision in *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) ("*CCNV*") to describe the Second Circuit's earlier treatment of commissioned works under the 1909 Act and the clear holdings of *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972) and *Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995). The court below acknowledged overstatements and other inaccuracies in *Picture Music, Inc.* and *Playboy Enterprises, Inc.* , (App., *infra*, 20a-21a, 37a-38a), but nevertheless concluded that "the language in *CCNV* is an insufficient basis to warrant . . . disregard of two clear holdings of the [Second Circuit Court of Appeals]." (App., *infra*, 24a).

The district court had jurisdiction over this action pursuant to17 U.S.C. §§ 101 *et seq.* and 28

U.S.C. § 2201. The Court of Appeals had jurisdiction pursuant to 28 U.S.C. § 1291.

The circumstances presented by this case provide an especially clear opportunity for this Court to add further order to the global marketplace of copyrights by completing the analysis undertaken in *CCNV*, in which this Court construed the "work made for hire" provisions of the Copyright Act of 1976. *See CCNV*, 490 U.S. at 732. Here, the work-for-hire doctrine under the 1909 Copyright Act was applied in the courts below to an independent contractor, Burne Hogarth,[1] whom Respondent Edgar Rice Burroughs, Inc. ("ERB")[2] commissioned to create original artwork.[3]

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[1] Burne Hogarth was born in 1911, and trained at an early age at the School of the Art Institute of Chicago. (App., *infra*, 47a). In 1937, he was hired by United Features syndicate, Inc. to illustrate the syndicated comic strip "Tarzan." (*Id.*) He continued to do so with only brief interruptions until 1950. (*Id.*) During that time, he developed a highly distinctive and still widely acclaimed style of illustrating Tarzan and his universe. (*Id.*) In 1950, Hogarth discontinued his work on the syndicated comic strip to co-found the School of Visual Arts in New York, where he served as an instructor of anatomical drawing until his retirement in 1970. (*Id.*) While teaching at the School of Visual Arts, Hogarth authored several classic texts, including "Dynamic Anatomy," "Drawing the Human Head," and "Dynamic Figure Drawing." (*Id.*) Following his departure from the School of Visual Arts, Hogarth entered into an agreement in November 1970 with respondent Edgar Rice Burroughs, Inc. to create pictorial versions of Tarzan of the Apes and of stories from Jungle Tales of Tarzan. (*Id.* at 2a.) Each of the books has a lengthy introduction devoted to Hogarth's life and his art, as well as a separate illustrated Tarzan story. (*Id.*, 116a).

[2] Edgar Rice Burroughs formed respondent ERB in 1923 to manage his literary rights. (App., *infra*, 3a). Mr. Burroughs published the text of Tarzan of the Apes in 1912 and published the text of Jungle Tales of Tarzan in 1916-17. (*Id.*) Both texts – as

(App., *infra*, 16a) Thus, this petition squarely raises the issue of "whether a commissioned work should be considered a work for hire under the 1909 Act, in which event the right to obtain the renewal term belongs to the commissioning party, or whether that right remains with the commissioned party, who creates the work. Where the commissioned party, Burne Hogarth, assigned to the commissioning party, ERB, his renewal right (technically, the "expectancy" in acquiring the renewal term that only an "author" possesses)[4], and then died before the renewal term vested, the questions of whether the artwork at issue are works for hire is critical because, if not, Hogarth's death during

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opposed to the pictorial versions created by Burne Hogarth, are now in the public domain in the United States. (*Id.*) Since Mr. Burroughs had died before the pictorial version of the Books were created, he could not have been a co-author of any of the new material in the derivative works, and only such new material was held by the court below to be entitled to a copyright. (*Id.*, 40a). In a letter written to the United States Court of Appeals in connection with the appeal below, (*id*, 3a), the Register of Copyrights noted that since the new matter in one of the Books is identified in the copyright registration certificate as "Burne Hogarth's pictorial version of Edgar Rice Burroughs' novel," the registration should be understood to have identified only Burne Hogarth as the author of the new matter and to have identified Mr. Burroughs as the author of the underlying work." (*Id.*, 40a.) At oral argument, respondent ERB (as well as the Hogarths) disclaimed co-authorship in the Books. (*Id.*, 35a).

[3] Because that artwork was created before January 1, 1978, when the 1976 Copyright Act became effective, therefore the 1909 Copyright Act, 17 U.S.C. § 24 et seq. (1976) (repealed) ("1909 Act") applies.

[4] *See Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 375 (1960).

the original term would leave the renewal right with his children, and not ERB. (*Id.*)[5]

In December 2000, the children of Burne Hogarth, pursuant to 17 U.S.C. § 304 (a)(3)(A)(1), filed a claim to the renewal copyright for the artwork created by Burne Hogarth for the pictorial version of Tarzan of the Apes. (App., *infra*, 9a.) That same month, ERB also filed a claim to the renewal copyright. (App., *infra*, 33a.)

On December 15, 2000, Petitioners (collectively "the Hogarths") filed an action in the United States District Court for the Southern District of New York seeking, *inter alia*, declaratory relief with respect to their right to renew the copyrights in original artwork created by their father published in the two pictorial Tarzan books. (App., *infra*, 2a, 115a). During January 2001 – more than twenty years after the original copyright applications for the two pictorial books filed

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[5] The timing of this petition is particularly opportune because 2005 is the last year in which for claimants for copyrights originally secured for works created during 1976-77 – prior to the effective date of the 1976 Copyright Act on January 1, 1978 – can obtain substantial advantages by making a timely registration within one year of the expiration of the original term. *See* The Copyright Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 264, codified at 17 U.S.C. § 304(a)(2)A(ii)(App., *infra*, 36a.); *see also* 17 U.S.C. § 304(a)(4)(A)-(B). Because resolution of this issue would likely affect a substantial number of potential claimants, and because the benefits under 17 U.S.C. § 304(a) could probably not be reacquired if not sought during 2005, review by this Court in 2004 would certainly be preferable to the prospect of any possible consideration by Congress of the need to extend another Copyright Act deadline. *Cf. Eldred v. Ashcroft*, 537 U.S. 186 (2003).

on behalf of ERB identified Burne Hogarth as an author[6] – ERB moved for summary judgment, asserting that the artwork in the books were works made for hire. (*Id.*, 115a). The Hogarths opposed summary judgment and moved to disqualify ERB's longstanding counsel, Roger Zissu, and his law firm. (*Id.*, 115a, 122a). On May 15, 2001, the district court issued a ruling denying ERB's motion for summary judgment and denying the Estate's motion to disqualify ERB's counsel. (*Id.*, 126a.) On March 11, 2002, the district court conducted a one-day bench trial and, 96 hours later, on March 15, issued a voluminous Opinion and Order rejecting, *inter alia*, the Hogarths' claims for a declaratory judgment that Burne Hogarth was the author of two books and as such entitled to copyright in the original and renewal terms. (*Id.*, 43a-113a.)

On August 29, 2003, the United States Court of Appeals for the Second Circuit affirmed the judgment of the district court. The court of appeals acknowledged that it was "disturbed that a corporation as sophisticated in the protection of its copyrights as ERB did not correct the registrations for the [two books] to identify them as works for hire until 26 and 23 years, respectively, after the initial registrations." (App., *infra*, 32a.) The court of appeals further stated that it found even "more perplexing" that the daughter-in-law of Mr. Burroughs and an officer of ERB had identified Burne Hogarth in an application for a supplementary copyright registration for one of the Tarzan books filed in 1976 as "the author of the work with no indication that ERB claimed to be the

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[6] (App., *infra*, 8a, 10a.)

proprietor of a work for hire." (*Id.*) Nevertheless, while the court of appeals exercised its discretion to deny ERB an award of appellate costs, it stated that there was no "basis for rejecting the [d]istrict [c]ourt's well supported conclusion that the [artwork in the two books were] works for hire." (*Id.*)[7]

On August 29, 2003, the United States Court of Appeals for the Second Circuit denied the Hogarths petition for panel rehearing and a petition for rehearing en banc. (App., *infra*, 128a.)

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[7] *Cf. CCNV*, 490 U.S. 730, 751 (noting that an actual control test for work for hire provisions under the 1976 Copyright Act "'leaves the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors . . . to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they directed or supervised the work, a standard that is hard not to meet when one is a hiring party'" (quoting Hamilton, *Commissioned Works as works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 Pa. L. Rev. 1281, 1304 (1987).

REASONS FOR GRANTING THE WRIT

I. Review is Warranted Because the Court of Appeals' Decision Acknowledges An Apparent Conflict with this Court's Historical Analysis of the Work-for-Hire Doctrine in *CCNV*, But Declined to Follow *CCNV*, Thereby Impermissibly Expanding the Work-for-Hire Doctrine to Commissioned Works in a Manner Inconsistent with a Decision of this Court as well as the Language, Structure, and Legislative History of the 1909 Copyright Act

The Court of Appeals' decision expressly acknowledges an apparent conflict with a decision of this Court in *Community for Creative Non-Violence v. Reid* ("*CCNV*"), 490 U.S. 730 (1989). The court below posed the conflict as follows:

> Our issue thus becomes whether to adhere to the clear holdings of *Picture Music* [*v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972)] and *Playboy* [*Enterprises, Inc. v. Dumas*, 53 F.3d 549 (2d Cir. 1995)] or reject them on the basis of language used in *CCNV* to describe our Court's earlier treatment of commissioned works under the 1909 Act. (App., *infra*, 24a.)[8]

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[8] The language referred to concerns the statement in *CCNV* that in interpreting the meaning of "employer" and "works made for hire" under the 1909 Act, "courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself to the hiring party." CCNV, 490 U.S. at 743-44 (citing *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570, *rev'd*, 223 F.2d 252 (2d Cir. 1955) and

Judge Newman's analysis of the conflict is meticulously detailed in two sections of the panel decision. The first section, entitled "Commissioned works under the 1909 Act" reviews overstatements and inaccuracies in the Second Circuit's key work for hire precedents,(App., *infra*, 16a-22a). These, including most importantly, *Picture Music, Inc.*, which effectively misstated the holdings in the seminal cases of *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939) and *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966).

The recitation in the decision below of the Second Circuit's earlier misstatements of the *Brattleboro* and *Yardley* holdings in *Picture Music, Inc.* is disturbing, not only because of the subsequent influence of the *Picture Music, Inc.* case on copyright law, but also because the Second Circuit characterizes these incorrect conclusions as mere "overstatement":

> The [Picture Music, Inc.] [c]ourt's review of the earlier decisions can be viewed as somewhat overstating their language. First, the [c]ourt characterized Brattleboro as having "expressly applied the statutory work for hire doctrine to the case of an independent contractor." Picture Music, 457 F.2d at 1216. In fact, what Brattleboro had done was apply the "instance and expense test" to determine that a party commissioned to create a work should be deemed to have assigned

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Yardley, 108 F.2d at 31.)

> its copyright for the original term to the commissioning party. Brattleboro never classified the work as a work for hire, although it did say that the work-for hire "principles" were applicable to a commissioned work. Second, in Picture Music, the [c]ourt stated that Yardley "held that one who commissions an artist to paint a mural owns all rights to its reproduction." Id. . . . In fact, Yardley had recognized that the executor of the deceased artist, not the commissioning party, held the renewal right.

(App., *infra*, 37a-38a) (emphasis added). The court below then further acknowledges another, more recent repetition of what it refers to as "the overstatement in Picture Music," to wit, "that Brattleboro had 'held' that a party commissioning a work at its instance and expense is an 'employer' for purposes of the 1909 Act." This "overstatement," as further acknowledged by the court below, was perpetuated in *Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995) to justify the result in that case. (App., *infra*, 38a.)

The second pertinent section of the decision below, titled "Significance of *CCNV*," begins with the frank statement that the court below is "given pause . . . by the language in [this Court's] opinion in *CCNV* that "recount[s] the history of the work-for-hire doctrine under the 1909 Act," (*id.*, 22a-23a). The court below then goes on to evaluate whether circuit precedent should be rejected and the district court decision

reversed, (id., 23a-25a),[9] based upon application of the reasoning articulated in *CCNV*:

> The argument would be that, since with a true work for hire, copyright ownership and the right to obtain the renewal term are with the employer automatically upon the employee's creation of the work, the [CCNV] Court's reference to the commissioned party's implied agreement to convey the copyright reflects a view that the commissioning party does not have the right to obtain a renewal term if the creator dies before the term vests.

(App., *infra*, 23a-24a.)

Nor is the identification of the conflict limited only to the court of appeals' decision. The court below also noted that Professor Melville Nimmer recognized a conflict between the Second Circuit's holdings in *Picture Music, Inc.* (upon which the court below relied) and this Court's decision in *CCNV*. (App, *infra*, 24a, 38a-39a) (citing 3 Nimmer § 9.03[D], at 9-28.4) (Nimmer treatise states that "the holding of *Picture Music* becomes untenable" in light of "Justice Marshall's opinion in *CCNV*"). The Nimmer treatise, avoiding fine

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[9] While *CCNV* concerned the work-for-hire provision of the 1976 Act, that analysis included a thorough history of the work-for hire doctrine under the 1909 Act. *CCNV*, 490 U.S. at 743-744, *749*. *See also* Brief for the Register of Copyrights As Amicus Curiae, 1988 U.S. Briefs 293 at 6-9 (discussing and analyzing history of work for hire doctrine under the 1909 Act) ("*CCNV* Amicus Brief of Register of Copyrights").

distinctions about "overstatement" and "unusual context," points out:

> In concluding that an independent contractor is not entitled to claim renewal, *Picture Music* relied upon two prior decisions, *i.e.*, *Brattleboro Publ'g Co. v. Winmill Corp.* [citation omitted] and *Yardley v. Houghton Mifflin Co.* [citation omitted]. Neither *Brattleboro* nor *Yardley* support this conclusion; indeed they point to the contrary result.

3 Nimmer § 9.03[D] at 9-28.3 n.98 (2002) (emphasis added).[10]

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[10] The court below discusses Professor Melville Nimmer's filing of a petition for certiorari in *Picture Music v. Bourne, Inc.*, 409 U.S. 997 (1972), which raised similar points about misstatements in the *Picture Music, Inc.* decision, and was denied with only Justice Douglas dissenting. (App., *infra*, 21a.) But obviously, that petition predated this Court's opinion seventeen years later in *CCNV*. Notably, the Fifth Circuit Court of Appeals' decision in *Easter Seal Society*, 815 F.2d at 330 n.13, which criticized Professor Nimmer's analysis, was the basis for the court below's conclusion that the distinctions between independent contractors and employees set forth in "historical review in *CCNV*" need not be followed by the lower courts. (App., *infra* 25a.) The court below, however, does not address how a footnote in a lower court's decision in 1988 could undermine an approach endorsed by language in this Court's unanimous decision in 1989 – a year after the lower court's decision in *Easter Seal Society*. Indeed, as the Nimmer treatise points out, this Court "subsequently enunciated principles that seem to resolve th[e] dispute" addressed in Judge Gee's footnote 13 in *Easter Seal Society*. 3 Nimmer § 9.03[D] at 9-28.4.

The court below dismisses this Court's thorough review and analysis of the work for hire doctrine in *CCNV* as "a brief historical account" which, "if dictum at all, is dictum of a weak variety, and not grounds to relieve [the court of appeals] from [its] obligation to follow *Picture Music* and *Playboy*" instead of the reasoning in an intervening Supreme Court opinion. (App., *infra*, 24a) But petitioners respectfully submit that by doing so, the Second Circuit Court of Appeals has misconstrued, misapplied, or misconceived this Court's decision in *CCNV*, which by itself provides a good basis for review. *See, e.g., Elder v. Holloway*, 510 U.S. 510, 515 (1994).

In addition, there are undoubtedly a multitude of commissioned authors or their heirs who will be deprived of the now 67 years of exclusivity accorded their copyrightable works in the renewal term under the 1909 Act if the decision below – conceded by the lower court to be based upon faulty judicial precedent – is allowed to stand. At a minimum, because of the uncertainty and lack of predictability of copyright ownership arising from the court below's failure to apply a prior decision of this Court reviewing the meaning of the work for hire doctrine in a related context, *see CCNV*, 490 U.S. at 749, the importance of the question presented also warrants review.

II. Review is Warranted Because the Court of Appeals' Interpretation of the Work for Hire Doctrine and an "Author's" Renewal Rights under the 1909 Copyright Act Conflicts With This Court's Precedents and with the Statutory and Constitutional Definition of "Author"

In *CCNV*, this Court observed as follows:

> In 1955, when Congress decided to overhaul copyright law, the existing work for hire provision was § 62 of the 1909 Copyright Act, 17 U.S.C. §26 ((1976 ed.) (1909 Act). It provided that "the word 'author' shall include an employer in the case of works made for hire." Because the 1909 Act did not define 'employer' or 'works made for hire,' the task of shaping these terms fell to the courts. They concluded that the work for hire doctrine codified in §62 referred only to works made by employees in the regular course of their employment. As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party." *Community for Creative Non-Violence v. Reid*, 490 U.S. at 743-44.

An examination of the court below's formulation of the work for hire doctrine shows that it does not follow this Court's historical analysis in CCNV, which

makes clear that respondent ERB's rights emerge not from its status as a constructive author by reason of traditional employment, but from an assignment, (App., *infra*, 22a-24a), and that when the time for renewal arrived, Burne Hogarth's intervening death prevented the assignment from vesting.[11] The court below's disregard of the CCNV analysis also undermines the statutory and constitutional meanings of "author" and "originality," which this Court has referred to as "the touchstone of copyright protection today" and "the very premise of copyright law." *Feist Publications, Inc. v. Rural Telephone Service Company*, 499 U.S. 340, 347 (1991).

The 1909 Act §24 allows renewal only by "an employer for whom such work is made for hire." It was undisputed in the court below that Burne Hogarth "was an independent contractor whom ERB commissioned to create original artwork . . . ." (App., *infra*,16a). And crucially, in *CCNV*, this analysis of the work for hire doctrine establishes that a "commissioning party" – such as ERB – is not an "employer" as that term should be understood in the 1909 Act:

> The starting point for our interpretation of a statute is always its language. The [1976] Act nowhere defines the terms "employee" or "scope of employment." It is, however, well established that

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[11] Because ERB was not Hogarth's employer, all it had from Hogarth was an "expectancy" in acquiring the renewal term, and when Hogarth died before the renewal term vested, his death would left the renewal right with his children. *See* 1909 Act §24; *Miller Music Corp.*, 362 U.S. at 375.

> "[w]here Congress uses terms that have accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms." In the past, when Congress has used the term "employee" without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine. Nothing in the text of the work for hire provisions indicates that Congress used the words "employee" and "employment" to describe anything other than "the conventional relation of employer and employee." *Community for Creative Non-Violence, supra*, 490 U.S. at 739-40.

This Court thereupon imported the common law of agency to mean "employee" not only the 1976 Act but all federal legislation. *See Eisenberg v. Advance Relocation & Storage, Inc.*, 237 F.3d 111, 113 (2d cir. 2001 ("employee under 42 U.S.C. §§2000e-2); *Farlow v. Wachovia Bank of N.C., N.A.*, 259 F.3d 309, 313-14 (4th Cir. 2001)(same). Importantly, this includes the 1909 Act.

Prior to the 1966 decision in *Brattleboro*, the courts had developed and applied a common law presumption that a commissioned party impliedly agreed to convey the original term copyright, along with the work itself, to the hiring party. *See CCNV* Amicus Brief of Register of Copyrights, 1988 U.S.

Briefs 293 at 7 (discussing *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (1930), *cert. denied* 309 U.S. 686 (1940). That the implied assignment recognized in *Yardley* applied only to the original term copyright, not the renewal, is evident from its holding that the artist's executor had the right to renew the copyright under Section 24 of the 1909 Act. (App., *infra*, 23a). Moreover, it would appear that this Court put to rest in *CCNV* any question that for commissioned works under the 1909 Act, a commissioned party impliedly agrees to convey only the original term of the copyright, along with the work itself, to the hiring party. *See* 490 U.S. at 744 (citing *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570, rev'd, 223 F.2d 252 (2d Cir. 1955); *Yardley v. Houghton Mifflin Co.*, 108 F.2d at 31; *see also* 490 U.S. at 744 n.10 (citing Varmer, Works Made for Hire and On Commission, in Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary, Study No. 13, 86th Cong., 2d Sess., 130 (Comm. Print 1960) (Varmer study contained separate subsections for "Works Made for Hire" and "Works Made on Commission" and "nowhere indicated that the two categories might overlap or that commissioned works could be made by an employee").

Thus, whatever semantic label is placed upon the commissioned party, be it "statutory author" by the Second Circuit Court of Appeals or "copyright 'employee'" by the Fifth Circuit Court of Appeals, there is simply no basis for the court below to maintain "that any distinction the case law under the 1909 Act between employees and independent contractors 'was erased long before the 1976 Act's arrival.'" (App., *infra*, 25a) (quoting *Easter Seal Society*, 815 F.2d at 330

n.13)). The implied assignment remains a crucial distinction and one that undermines the fiction that commissioning parties are "authors" entitled to renew copyrights in works that they merely paid for.

If the view of the court below were credited, Congress would lack Constitutional authority to divest Hogarth of his copyrights and confer them on a commissioning party, such as respondent, ERB. But such is not the case. In *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 U.S. 340, 346 (1991) , this Court observed that "[o]riginality is a constitutional requirement," and that '[t]he source of Congress' power to enact copyright laws is Article I, § 8, cl. 8, of the Constitution . . . ." See also *Schmid Bros., Inc. v. W. Govel Porzellanfabrik KG*, 589 F. Supp. 497 (E.D.N.Y. 1984) ("The Copyright Clause of the Constitution, U.S. Const. Art I., § 8 cl. 8, empowers Congress to dispense copyrights to "'authors' and not to their employers"). Who is the "author" of the work, to whom Congress is constitutionally empowered to grant copyright protection? This Court "has defined "author," in a constitutional sense, to mean "he to whom anything owes its origin; originator; maker," *Feist*, 499 U.S. at 346 (quoting *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884).[12] It has also emphasized

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[12] *See also Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. at 61(quoting *Nottage v. Jackson*, 11 Q.B. 627 (1883) (further defining "author" as "[t]he person who effectively is as near as he can be, the cause of the picture which is produced, that is, the person who has superintended the arrangement, who has actually formed the picture by putting persons in position and arranging the place where the people are to be – the man who is the effective cause of that").

"the creative component of originality" by describing "copyright as being limited to 'original intellectual conceptions of the author.'" *Id.*[13] Thus, under the Copyright Clause, a hiring party is an "author" only if it makes a significant creative contribution to the work.[14]

In according to commissioning parties who merely pay others to create works for them 67 years of copyright exclusivity emobided in the renewal copyright , the court below has defeated the intentions of the 1909 Congress to award those rights to living authors or their heirs as "second chance" to exploit the copyright. The court of appeals' decision has also ignored the past pronouncements of this Court, relying instead upon precedent which the court below expressly conceded is deeply flawed.

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[13] This Court observed in *Feist* that "[o]riginal, as the term is used in copyright, means only that the work was independently created by the author . . .and that it possesses at least some degree of creativity." 499 U.S. at 345 (citing 1 M. Nimmer & D. Nimmer, Copyright §§ 2.01[A], [B] (1990) ("Nimmer"). Adding further emphasis, this Court again quoted Nimmer for the proposition that "[o]riginality is a statutory as well as a constitutional requirement," Nimmer, § 1.06 [A], and that "[a] modicum of intellectual labor . . . clearly constitutes an essential constitutional element." *Id.*, § 1.08[C][1]. The statutory and constitutional requirement of this Court that an "author" creates a work with at least *some* intellectual labor cannot be reconciled – and clearly conflicts with – the court below's holding that "as long as the "instance and expense" test is met, [a] work is a work for hire, and the party commissioning the work is regarded as the 'author,' entitled to all rights of copyright." (App., *infra*, 21a-22a).

[14] Because ERB disclaimed any claim to co-authorship, there is no issue in this case of any creative contribution by the commissioning party, ERB.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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(Any footnotes trail end of each document)

Docket No. 02-7312

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

THE ESTATE OF BURNE HOGARTH, BURNE HOGARTH DYNAMIC MEDIA WORLDWIDE LLC, MICHAEL HOGARTH, as the child of deceased author Burne Hogarth, RICHARD HOGARTH, as the child of the deceased author Burne Hogarth and ROSS HOGARTH, as the child of the deceased author Burne Hogarth,
Plaintiffs-Appellants,

v.

EDGAR RICE BURROUGHS, INC.,
Defendant-Appellee.

January 22, 2003, Argued
August 29, 2003, Decided

COUNSEL: Peter Herbert, Lankler Siffert & Wohl LLP, New York, N.Y. (David B. Smallman, Steinhart & Falconer LLP, New York, N.Y., on the brief), for Plaintiffs-Appellants.

Roger L. Zissu, New York, N.Y. (Evan C. Gourvitz, Fross Zelnick Lehrman & Zissu, P.C., New York, N.Y., on the brief), for Defendant-Appellee.

JUDGES: Before: NEWMAN, KATZMANN, and RAGGI, Circuit Judges.

OPINION BY: JON O. NEWMAN

OPINION: JON O. NEWMAN, Circuit Judge.

Once again, Tarzan presents this Court with copyright issues. n1 The issues, arising under the 1909 Copyright Act, Pub. L. No. 60-349, 35 Stat. 1075 (1909), codified at *17 U.S.C. § 24 et seq. (1976)* ("1909 Act"), concern the work-for-hire doctrine as applied to an independent contractor, the significance of incorrect information in applications for registration filed with the Register of Copyrights, and laches. The appeal also presents contract issues. The Plaintiffs-Appellants -- the Estate of Burne Hogarth, Burne Hogarth Dynamic Media Worldwide LLC, and three of Hogarth's children (collectively "Hogarths")--appeal from the March 21, 2002, judgment of the District Court for the Southern District of New York (Denise L. Cote, District Judge) entered after a bench trial. The District Court ruled in favor of the Defendant-Appellee Edgar Rice Burroughs, Inc. ("ERB"), rejecting the Hogarths' claims for a declaratory judgment that Burne Hogarth, a well known illustrator, was the author of two books and as such entitled to copyright in the original and renewal terms. The books are pictorial versions of Tarzan of the Apes and of stories from Jungle Tales of Tarzan (collectively "the Books"). The Hogarths claimed to have succeeded to Burne Hogarth's rights in the Books upon his death. The Court also rejected the Hogarths' claim that they had a contract right to receive a portion of licensing revenues paid to ERB by the Walt Disney Company ("Disney") and a right to have some of Hogarth's original artwork returned. We affirm.

Background

The facts are meticulously detailed in Judge Cote's comprehensive opinion. *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc., 2002 U.S. Dist. LEXIS 4219, No. 00 CIV. 9569 (DLC), 2002 WL 398696* (S.D.N.Y. Mar. 15, 2002) ("Dist. Ct. Op."). We recount only those facts necessary to understand and resolve the issues on appeal. Applying the "clearly erroneous" standard of review, we accept the District Court's findings of subsidiary facts, except for those findings related to certain aspects of the steps taken in the Office of the Register of Copyrights ("Copyright Office"). As to these, we have been greatly aided by a response from Marybeth Peters, Register of Copyrights ("Register"), to inquiries we submitted to the Copyright Office after oral argument of the appeal. See Letter of Marybeth Peters, Register of Copyrights, to Roseann MacKechnie, Clerk, U.S. Court of Appeals for the Second Circuit (April 8, 2003) ("Peters Letter"). Our account of those steps will supplement and slightly modify the District Court's account, but will not change any of the Court's conclusions of law.

Creation of the Books. Edgar Rice Burroughs published Tarzan of the Apes, the first of his 26 Tarzan novels, in 1912. Jungle Tales of Tarzan was published in 1916-17. Both works are now in the public domain in the United States. Burroughs formed ERB in 1923 to manage his literary rights.

In 1937, Burne Hogarth ("Hogarth") was hired by United Features Syndicate, Inc. to illustrate the syndicated comic strip "Tarzan" and continued this work until 1950. "During that time, he developed a

highly distinctive and still widely acclaimed style of illustrating Tarzan and his universe." Dist. Ct. Op. at *2.

In the 1960s, Hogarth and Robert M. Hodes, then Vice President of ERB, had discussions out of which emerged the idea of a new series of Tarzan books. In July 1970, Hodes wrote to Hogarth, suggesting production of "a quality, high priced edition of an adult version of TARZAN OF THE APES in graphic form." Id. at *3 (internal quotation marks omitted). In another letter, Hodes proposed terms for the project that would provide the basis for the eventual agreement between ERB and Hogarth. The letter stated:

> 1. We would commission you to produce the work at a cost that would be paid one-half now and one-half out of the first proceeds of the book . . . . That one-half deferred payment is the extent of your speculation, or risk.
>
> 2. We would undertake to find a U.S. publisher . . . . All expenses would be borne by us, and this, together with the sum paid to you, would be our risk.

Id. at *4. n2 Hogarth responded: "Your proposal sounds like a capital idea." Id.

Later in 1970, ERB identified Watson-Guptill Publications, Inc. ("Watson-Guptill") as a likely publisher. This firm had previously published Hogarth's art instruction books. In proposing a contract between

ERB and Watson-Guptill, Hodes wrote the firm's editor, with a copy to Hogarth:

> 1. Your contract is directly with [ERB]. We undertake to provide the services of Burne Hogarth to furnish you with artwork and text for your proposed illustrated book of Tarzan of the Apes. . . .
>
> 2. You are responsible for designing and producing the book, and, in general, supervising Mr. Hogarth's work. . . . We reserve the right to require all parties to produce a book that reasonably and substantially tells the story of Tarzan of the Apes as Edgar Rice Burroughs told that story in his classic novel. . . . As for the artwork itself, we cannot and do not presume to influence or control the work of Mr. Hogarth.

Id.

The ERB-Hogarth Contract. In an agreement dated November 16, 1970 ("1970 Agreement"), signed by Hogarth in 1971, ERB and Hogarth established the terms for the creation of the first and subsequent books. It included the following provisions:

> [P1] You [Hogarth] will create a book along the lines we [ERB] have discussed with Watson-Guptill based upon approximately one-half of Tarzan of the Apes . . . . The creative details will be worked out between you and our publisher.

[P2] We will have the right to approve the content of the books, but our sole interest in this regard will be to preserve the Burroughs "flavor." We may give you our artistic suggestions from time to time, but you will be the final judge of the artwork as distinguished from the story or text.

[P3] For all of your services and for all rights being granted, we will pay you, your estate [and] heirs . . . for the term of the copyright, including renewals:

(a) $ 2,500 on January 1, 1971;

(b) $ 2,500 on the completion of all your work; and

(c) 50% of all net monies realized by us from the exploitation of the book.

. . .

[P5] . . . You will create the subsequent books and we agree not to employ anybody else to create them. . . .

. . .

[P7] We agree that the physical possession and ownership of the original artwork shall be shared on the following basis: We shall own the originals for the first book, you shall own them for the second

> book, we for the third book, you for the fourth book and so on. We have indicated to you that we desire the physical possession and ownership of the foregoing artwork in order to place it in an Edgar Rice Burroughs Museum. . . .
>
> [P8] The book will be copyrighted in the name of [ERB] and we shall be the exclusive proprietors thereof, subject always to our obligation to pay you your participation. You hereby grant us whatever rights we need to obtain the copyright in our name and to extend and renew that copyright wherever and whenever we can.

1970 Agreement; see also Dist. Ct. Op. at *5-*6.

In February 1972, ERB made an agreement with Watson-Guptill, granting it worldwide English language hardcover publication rights in the first book and the option to publish subsequent books. ERB warranted that it was the "sole author and proprietor" of the first book. Id. at *7.

The Books. The first book, published in 1972 ("the 1972 book"), is 157 pages in length, of which 122 pages contain panels of color illustrations and text, with one to four panels per page. The text is a combination of narration and quotations of what the characters shown on a panel are saying. The title page shows the title as "Tarzan of the Apes" and credits the creators in these words:

BY BURNE HOGARTH

Original text by Edgar Rice Burroughs

adapted by Robert M. Hodes

The second book, published in 1976 ("the 1976 book"), is 157 pages in length, of which 122 pages contains panels of black and white illustrations and text, of a style similar to that of the 1972 book. The title page shows the title as "Jungle Tales of Tarzan" and credits the creators in these words:

BY BURNE HOGARTH

Original text by Edgar Rice Burroughs

adapted by Burne Hogarth and Robert M. Hodes

Neither the 1972 nor the 1976 book enjoyed substantial sales.

The Copyright Registrations. The application for the original

term registration for the pictorial version of Tarzan of the Apes was filed in 1973 by Watson-Guptill. n3 It identifies as the claimant "Edgar Rice Burroughs, Inc." and as the authors "Edgar Rice Burroughs . . . (deceased)" and "(illustrated) by Burne Hogarth." In 1999, counsel for ERB submitted an application for a supplementary registration, which identifies the sole author as "Edgar Rice Burroughs, Inc.," and states the

explanation for the "correction" as "Work was one made for hire."

Three applications for renewal term registrations were submitted for Tarzan of the Apes. On December 6, 2000, Danton Burroughs, on behalf of ERB, submitted an application for a renewal registration listing the author of renewable matter as "Edgar Rice Burroughs, Inc." ("first renewal application"). On December 8, 2000, counsel for Hogarth's children submitted an application for a renewal registration listing the author of renewable matter as "Burne Hogarth" ("second renewal application"). On June 4, 2001, counsel for ERB submitted an application for a renewal registration listing the author of renewable matter as "Edgar Rice Burroughs, Inc." n4 ("third renewal application"). Counsel for ERB subsequently advised the Copyright Office that, at the time of filing the third renewal application for ERB, he had been unaware of the earlier filing of the first renewal application on behalf of ERB.

The first renewal application was received by the Copyright Office on December 15, 2000, and that date would in the normal course have become the effective date. See *17 U.S.C. § 410(d) (2000)* (effective date of copyright registration is day on which application, deposit, and fee are received). However, for reasons that the Register of Copyrights cannot explain, the examiner handling the renewal claims processed the third renewal application. See Peters Letter at 12-13. Reviewing its records as a result of this Court's inquiry, the Copyright Office concluded that the examiner should have processed the first renewal application, rather than the later filed third renewal application. The Copyright Office therefore issued a new certificate

of renewal registration with an effective date of December 15, 2000, and cancelled the inadvertently processed third renewal registration. n5

The second renewal application was also received on December 15, 2000, and given a December 15, 2000, effective date. Thus, the Copyright Office has two renewal registrations for Tarzan of the Apes with an effective date of December 15, 2000, one identifying ERB as the author and the claimant, and the other identifying Hogarth as the author and Hogarth's children as the claimants.

The application for the original term registration for Jungle Tales of Tarzan was filed by Watson-Guptill in 1976. It identifies as the claimant "Edgard [sic] Rice Burroughs, Inc." and as the author "Burne Hogarth." In 1979, Marion T. Burroughs, the daughter-in-law of Edgar Rice Burroughs and an officer of ERB, filed an application for a supplementary registration to make two changes to the original registration. First, the misspelling "Edgard" in the name of the claimant was corrected to "Edgar." Second, under the blank for "AMPLIFIED INFORMATION," the application stated: "Add name of EDGAR RICE BURROUGHS as author of original text. Citizenship: USA (deceased)." The author was listed as "Burne Hogarth," as it had been on the original application. In 1999, counsel for ERB filed an application for a second supplementary registration to identify "Edgar Rice Burroughs, Inc." as the author instead of "Burne Hogarth." Under "Explanation of Correction," this second application stated: "Work was one made for hire."

No renewal application has yet been filed for Jungle Tales of Tarzan because its renewal term will not begin until January 1, 2005, 28 years after the 1976 publication.

The ERB-Disney License. In an agreement dated April 1, 1994, ERB licensed Disney to use the Tarzan character and stories in animated movies and television programs ("Disney license" or "the license"). Paragraph 1(a) of the agreement defined the scope of the license to include

> the characters, plots, settings, themes, and incidents contained in or suggested by all or any portion of the stories . . . written by Edgar Rice Burroughs, schedules of which are attached hereto as Exhibit "A" and Exhibit "B."

Dist. Ct. Op. at *14. Exhibits A and B list the 25 Tarzan novels written by Burroughs for which U.S. or Berne Convention copyright protection existed in 1994. Id. Neither of the Books at issue in this litigation are included in these exhibits. Id. at *26.

In paragraph 14(b)(ix) of the license, ERB warrants

> (A) That, except as set forth in Exhibits "A" and "B," . . . to the best of [ERB's] knowledge, there are no other stories authorized by [ERB] or its predecessors in interest in which the TARZAN character appears. If there are any other Stories in which [ERB] has an interest, such stories

> shall be deemed Stories hereunder to the extent of [ERB's] rights therein, in any.

Id. at *15.

Disney released its Tarzan movie in 1999. Pursuant to the license, Disney paid ERB $ 15 million, $ 12 million to buy out ERB's share of Disney revenues from Tarzan merchandise and $ 3 million based on box office receipts from the movie.

The Pending Litigation. Burne Hogarth died in 1996. In September 1999, two months after Disney's release of its Tarzan movie, counsel for the Hogarth estate sent a cease-and-desist letter to Disney, claiming that the movie infringed Burne Hogarth's copyrights in the Books. Both Disney and ERB rejected the claim. The Hogarths then brought the pending litigation, alleging three claims: (1) that Burne Hogarth was the sole author of the Books and that his heirs are entitled to the renewal term copyrights in the Books; (2) that the Hogarths are entitled to a share of the proceeds ERB received from Disney; and (3) that ERB breached paragraph 7 of the 1970 Agreement by retaining possession of the original artwork for the 1972 Book but failing to establish a museum for its display.

ERB's answer, denying the Hogarths' claims, contained no counterclaim, but did include, in the prayer for relief, a request that the Court declare "that [ERB] is owner of all copyright rights, including the renewal copyrights" in the Books. By the time of the trial, the District Court understood ERB to be contending, among other things, that the Books were works for hire. n6

The District Court's Decision. After a bench trial in 2002, Judge Cote rejected all of the Hogarths' claims. With respect to the copyright claim, she ruled (1) that, although the copyright registrations constituted prima facie evidence that Burne Hogarth was the author, as stated in the registrations, the evidence established that the registrations were not reliable, Dist. Ct. Op. at *18; (2) that "in the Second Circuit 'an independent contractor is an "employee" and a hiring party is an "employer" for purposes of the [1909 Act] if the work is made at the hiring party's instance and expense,'"id. (citing *Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 554 (2d Cir. 1995)* (emphases deleted); (3) that the Books were created at the "instance and expense" of ERB, id. at *19-*20; (4) that the Books are works for hire, id. at *23; and (5) that ERB, as an employer in the case of works made for hire, is the "author" for purposes of the 1909 Act and entitled to the copyrights in the original and renewal terms, id. at *18-*24.

With respect to the Hogarths' laches defense, Judge Cote ruled that, although the registrations listing Burne Hogarth as the author remained uncorrected for many years, the existence of incorrect registrations alone did not establish a laches defense and that ERB had promptly acted to assert its copyright claims as soon as adversity developed between the Hogarths and ERB. Id. at *24-*25. With respect to the Hogarths' contract claims, Judge Cote ruled that the Disney license gave Disney only the right to use the character Tarzan and the stories listed in Appendix A and Appendix B of the license, and not any rights with respect to the Books. Id. at *25-*27. The Court also ruled and that, even if Disney acquired rights in the Books, the 1970 Agreement did not give Hogarth any

right to revenue received by ERB by virtue of the Disney license, id. at *28-*29. Finally, as to the Hogarths' claim concerning original artwork, Judge Cote ruled that ERB had not promised to build a museum to house Hogarth's drawings and had not breached the clause of the 1970 Agreement concerning original artwork. Id. at *29.

The District Court's judgment denies all of the Hogarths' claims, but neither grants nor denies the request in ERB's answer for a declaration that it owns all copyrights, including renewal copyrights in the Books.

Discussion

I. Copyright Claim

A. Work for Hire and the Renewal Term

Two concepts of copyright law under the 1909 Act are at issue on this appeal--a work made for hire and the renewal term. The 1909 Act provides no definition of "work made for hire," but it states the consequence of that designation. "The word 'author' shall include an employer in the case of works made for hire." 1909 Act § 26. Thus, with respect to works made for hire, the employer is legally regarded as the "author," as distinguished from the creator of the work, whom Learned Hand referred to as "the 'author' in the colloquial sense." *Shapiro, Bernstein & Co. v. Bryan, 123 F.2d 697, 699 (2d Cir. 1941).* The concept of a "*work made for hire*" remains in the Copyright Act of 1976, *17 U.S.C. § 101 et seq. (2000)* ("1976 Act"), which defines the phrase to mean "a work prepared by an employee

within the scope of his or her employment" or, for certain types of works, "a work specially ordered or commissioned." *17 U.S.C. § 101 (2000)*; see *Community for Creative Non-Violence v. Reid, 490 U.S. 730, 737, 104 L. Ed. 2d 811, 109 S. Ct. 2166 (1989)* ("CCNV").

The second concept--the renewal term--is a distinctive feature of the 1909 Act, not carried into the 1976 Act for works created on or after January 1, 1978, see *17 U.S.C. § 302(a)* (establishing single copyright term). n7 As enacted, the 1909 Act authorized an original term of 28 years and a renewal term of an additional 28 years, n8 if application for the renewal term was made "within one year prior to the expiration of the original term." n9 1909 Act § 24. An important aspect of the renewal term is that, although it is assignable by the author, see *Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 647-59, 87 L. Ed. 1055, 63 S. Ct. 773 (1943)*, the assignment of the "expectancy" in acquiring the renewal term, see *Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 375, 4 L. Ed. 2d 804, 80 S. Ct. 792 (1960)*, is voided by the author's death prior to the date when the renewal term vests, see 1909 Act § 24; *Miller Music, 362 U.S. at 374-78*. In that event, the renewal right belongs to the author's surviving spouse or children, if living, or, if they are not living, to the author's executor. See 1909 Act § 24; *Miller Music, 362 U.S. at 376*. However, in the case of a work made for hire, the proprietor of the copyright in the original term, i.e., the employer or its assignee, is entitled to the renewal term. 1909 Act § 24.

In the pending litigation, the concepts of a work made for hire and the renewal term are at issue concerning a work claimed to be "commissioned." ERB

makes no claim that Burne Hogarth was its employee. Instead, ERB contends that Hogarth was an independent contractor whom ERB commissioned to create original artwork for the Books under circumstances that render the Books works for hire under the case law of this Circuit. This claim raises the issue of whether a commissioned work should be considered a work for hire under the 1909 Act, in which event the right to obtain the renewal term belongs to the commissioning party, or whether that right remains with the commissioned party, absent an assignment to the contrary. In the pending case, where the commissioned party, Burne Hogarth, assigned to the commissioning party, ERB, his renewal right (technically, the "expectancy" in acquiring the renewal term, see *Miller Music Corp., 362 U.S. at 375*), see 1970 Agreement, P8, and then died before the renewal term vested, the issue of whether the Books are works for hire is critical because, if they are not, Hogarth's death during the original term would leave the renewal right with his children. See 1909 Act § 24; *Miller Music, 362 U.S. at 374-78.*

Commissioned works under the 1909 Act. n10 In a series of cases decided over more than sixty years, this Court has considered the status of commissioned works under the 1909 Act, with respect to both the original copyright term and the renewal term. In the process, we have developed what the Fifth Circuit describes as "an almost irrebuttable presumption that any person who paid another to create a copyrightable work was the statutory 'author' under the 'work for hire' doctrine." *Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises,*

815 F.2d 323, 327 (5th Cir. 1987) (reviewing relevant Second Circuit cases).

Our Court first recognized a "presumption" in favor of a commissioning party in 1939 in *Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir. 1939)*, a case involving an artist who had been commissioned by the City of New York to paint a mural. The artist had died before the expiration of the copyright's original term, and his sister claimed to own a copyright for the original term by virtue of an assignment from her brother's executor. In addition, the sister had filed for and obtained a registration for the copyright's renewal term.

Focusing on the original term, we ruled that, although the contract commissioning the artist's work was silent as to which party would hold the copyright, and although the artist had included a copyright notice in his favor on the painting, this term belonged to the City because it had commissioned the artist to paint the mural. *Id. at 30-32.* In so holding, we adopted a "presumption" that the commissioning party "desires to control the publication of copies" of the commissioned work and that the artist "consents" to such control in the absence of a contract to the contrary. *Id. at 31.* Our conclusion that the artist "consents" to his patron's right to control reproduction of the commissioned work, coupled with the absence of any reference to the work as a "work for hire," may have been intended to reflect a conclusion that the copyright for the original term and the expectancy of a copyright for the renewal term were transferred by the artist to the patron by an implied assignment, in which event the artist's heirs or

executor would retain renewal rights if the artist died before the renewal term vested. n11

Some support for this conclusion can be drawn from our rejection of the sister's renewal claim on the ground that "only [the artist's] executor could legally obtain a renewal." *Id. at 32* (citing *Fox Film Corp. v. Knowles, 261 U.S. 326 (1923))*. Presumably, if we had regarded the mural as a work for hire, the commissioning party would have been deemed in law the author and, as such, would have been entitled to the copyright for both the original and the renewal terms, regardless of whether the artist had died during the original term. See *Shapiro, Bernstein, 123 F.2d at 699-700*; *Tobani v. Carl Fischer, Inc., 98 F.2d 57, 59-60 (2d Cir. 1938)*. On the other hand, because the sister had conceded that only the executor "could legally obtain a renewal," *Yardley, 108 F.2d at 32*, we had no occasion to consider the effect, if any, of the Yardley presumption on a renewal right dispute between the executor and the City.

We seemed to resolve the question of renewal rights in commissioned works in 1955, when we considered a work (song lyrics) created "as a special job assignment, outside the line of [the lyricist's] regular duties" for his employer. *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569, 570 (2d Cir.)*, modified on other grounds, *223 F.2d 252 (2d Cir. 1955)* ("Vogel Music II"). n12 The District Court had found that the employer paid the lyricist $ 25 "for the lyric and his rights therein." *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 115 F. Supp. 754, 757 (S.D.N.Y. 1953)* ("Vogel Music I"). We ruled that the lyricist's right to the copyright for the original term "passed to [the employer] under [the lyricist's] original contract with

[the employer] to write a lyric." *Vogel Music II, 221 F.2d at 570.* But we also ruled that the lyricist retained his right to the renewal term (until he subsequently assigned that right to a third party). Id. Although we did not amplify this conclusion, the District Court had explained: "Since [the lyricist] was not [the employer's] employee for hire, [the employer] had no renewal interest in the [lyricist's] lyric." *Vogel Music I, 115 F. Supp. at 760.*

Ten years later, in *Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565 (2d Cir. 1966),* we "merged" the Yardley presumption into the work-for-hire doctrine, as the Fifth Circuit characterized our approach, see *Easter Seal Society, 815 F.2d at 326,* thereby laying the foundation for the law as it now stands in this Circuit. Brattleboro concerned a claim of copyright infringement during the original term brought by merchants who had requested a newspaper to design and publish advertisements. In ruling that the merchants were entitled to copyrights in their ads, we, for the first time, explicitly applied to "independent contractors," *369 F.2d at 568,* i.e., the newspaper, the "instance and expense" standard that had previously been used for determining when an employee's work should be deemed to be a work for hire, which would result in the employer's right to the copyright for both the original and the renewal term. *Id. at 567-68* (citing Nimmer on Copyright 238 (1964)). Brattleboro, like Yardley, did not refer to the works, i.e., the ads, as works for hire. But Brattleboro, unlike Yardley, did identify the work-for-hire doctrine as "the grounds" for the Court's disposition. *Id. at 567.* After reviewing the principles applicable to work-for-hire claims, Brattleboro specifically observed: "We see no sound

reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor." Id.; see *Easter Seal Society, 815 F.2d at 326* (describing cited language as Brattleboro's "critical twist" on established work-for-hire doctrine). Although we had no occasion in Brattleboro to consider the parties' rights in a copyright for the renewal term, the cited language, if not the facts in Brattleboro, n13 provided support for our subsequent holding in *Picture Music, Inc. v. Bourne, Inc. 457 F.2d 1213 (2d Cir. 1972).*

Picture Music involved a songwriter who was asked by a music publisher to adapt music and one line of a lyric from an animated movie into a new song. For her efforts she received a percentage of song royalties. She claimed an interest in the renewal term of the copyright in the song. In rejecting her claim, this Court ruled that the songwriter had acted "in the capacity of an independent contractor"; that the music publisher and the creator of the movie were the "'motivating factors'" in the composition of the new song; that they had the power to "accept, reject, or modify" the song; and that these circumstances rendered the song a work for hire. *Id. at 1217.*

Somewhat extending this Court's earlier decisions, n14 Picture Music stated that the "instance and expense" test, which had previously been used to identify an employee's work as a work for hire and to deem a commissioned party to have assigned to the commissioning party a copyright for the original term, would now be used to determine whether a commissioned work was a work for hire, thereby entitling the commissioning party to the renewal term

in addition to the original term. Rejecting a distinction between an employee and an independent contractor as long as the "instance and expense" test was satisfied, the Court stated that "the purpose of the [1909 Act] is not to be frustrated by conceptualistic formulations of the employment [sic] relationship," *id. at 1216*, and concluded: "That [the song-writer] acted in the capacity of an independent contractor does not preclude a finding that the song was done for hire." *Id. at 1217*.

The Court's willingness to treat a commissioned work as a work for hire might have resulted from the way the case was presented on appeal. Although the appellant contended that the song was not a work for hire, its brief did not cite, much less discuss, the decisions in *Yardley*, *Vogel Music II*, or *Brattleboro*. After the decision in Picture Music, Professor Melville Nimmer entered the fray, filing a rehearing petition that discussed our earlier commissioned work decisions and reminded the Court that its prior decision in Yardley had left the renewal term in a commissioned work with the executor of the estate of the work's creator. Apparently, his argument came too late; the rehearing petition was denied without comment. See Picture Music, Inc. v. Bourne, Inc., No. 71-1222 (2d Cir. May 25, 1972) (denying petition for rehearing). The Supreme Court also denied Prof. Nimmer's petition for certiorari, with only Justice Douglas dissenting. *Picture Music, Inc. v. Bourne, Inc., 409 U.S. 997, 34 L. Ed. 2d 262, 93 S. Ct. 320 (1972)*. By the time we next encountered a commissioned work, in 1995, Picture Music had carried the day, and we relied on it and its expansive reading of Brattleboro to hold that, as long as the "instance and expense" test is met, the work is a work for hire, and the party commissioning the work is

regarded as the "author," entitled to all rights of copyright. See *Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 553-55 (2d Cir. 1995)*. n15

Significance of CCNV. Whatever questions might be raised about the law's progression in this Circuit from Yardley through Picture Music, we would normally be obliged to follow Picture Music, especially after its holding was reconfirmed in Playboy. We are given pause, however, by language in the Supreme Court's opinion in CCNV. CCNV concerned the work-for-hire provision of the 1976 Act. That Act defines a work for hire as:

> (1) a work prepared by an employee within the scope of his or her employment; or
>
> (2) a work specially ordered or commissioned for [any of nine specified uses] if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

17 U.S.C. § 101. CCNV stated that to determine whether a work is a work for hire under the 1976 Act, "a court should first ascertain, using principles of general common law of agency, whether the work was prepared by an employee or an independent contractor" and then apply the appropriate subsection of the 1976 Act's definition. *490 U.S. at 750-51*. The Court rejected the contention that Congress, in enacting the 1976 Act, had intended to incorporate commissioned work cases decided under the 1909 Act such as Picture Music and Brattleboro, which the Court characterized as "holding

that an employment relationship exists sufficient to give the hiring party copyright ownership whenever that party has the right to control or supervise the artist's work." *Id. at 748.* Although ruling that the approach of these cases was not applicable to cases governed by the 1976 Act, the Court had no occasion to rule as to their continued viability for cases still governed by the 1909 Act.

However, in recounting the history of the work-for-hire doctrine under the 1909 Act, the Court explained that, as to commissioned works, courts of appeals "generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party." *Id. at 744.* For this account, CCNV cited our decisions in Yardley and Vogel Music II. Id. By emphasizing our early cases' reliance on an implied agreement between the commissioning and the commissioned parties, this account could be read to confirm the view of Vogel Music II that a commissioned work is not a work for hire and to support an interpretation of Yardley that, upon the death of the commissioned party during the original term, the right to obtain the renewal term belongs to his executor (if no spouse or child survives) either because the renewal right was not impliedly assigned or, if impliedly assigned, such assignment is voided by his death before the vesting of the renewal term. The argument would be that, since with a true work for hire, copyright ownership and the right to obtain the renewal term are with the employer automatically upon the employee's creation of the work, the Court's reference to the commissioned party's implied agreement to convey the copyright reflects a view that the commissioning party does not have the

right to obtain a renewal term if the creator dies before the term vests. Interestingly, the Nimmer treatise takes this precise message from Justice Marshall's opinion in CCNV. See Nimmer § 9.03[D], at 9-28.4. n16 Our issue thus becomes whether to adhere to the clear holdings of Picture Music and Playboy or reject them on the basis of the language used in CCNV to describe our Court's earlier treatment of commissioned works under the 1909 Act.

Although the content of a Supreme Court opinion can provide a basis that permits us to reject a precedent of this Court without the need for in banc reconsideration, see *Gerosa v. Savasta & Co., Inc., 329 F.3d 317, 326-28 (2d Cir. 2003)* (circuit precedent rejected by panel because of reasoning in intervening Supreme Court opinion); *Boothe v. Hammock, 605 F.2d 661, 663-64 (2d Cir. 1979)* (same), we conclude that the language in CCNV is an insufficient basis to warrant a panel's disregard of two clear holdings of this Court. *CCNV* was not concerned with the status of commissioned works under the 1909 Act. The language that mentions such works is a brief historical account. Indeed, in Playboy, our own Court acknowledged the same history, noting that "until the mid-1960's, federal courts applied the works-for-hire doctrine only to cases in which a traditional employer/employee relationship existed between the hiring party and the creator of the work." *53 F.3d at 554.* But, as we also noted in *Playboy, Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir. 1965)*, became the first case to extend the work-for-hire doctrine to commissioned works. *Playboy, 53 F.3d at 554.* After Picture Music, the doctrine was similarly extended in *Murray v. Gelderman, 566 F.2d 1307, 1310 (5th Cir. 1978)*, and

Real Estate Data, Inc. v. Sidwell Co., 907 F.2d 770, 773 (7th Cir. 1990). In sum, because we agree with Judge Gee's observation in Easter Seal Society that any distinction in the case law under the 1909 Act between employees and independent contractors "was erased long before the 1976 Act's arrival," *Easter Seal Society, 815 F.2d at 330 n.13*, we conclude that the historical review in CCNV, if dictum at all, is dictum of a weak variety, and not grounds to relieve us from our obligation to follow *Picture Music* and Playboy.

The Hogarths' copyright claim therefore turns on whether they can successfully challenge either the District Court's ultimate conclusion that the Books were created at the "instance and expense" of ERB or the factual findings that underlie this conclusion.

Application of the "instance and expense" test. The Hogarths challenge to the District Court's conclusion that the Books were created at the "instance and expense" of ERB, as those terms have been used in this Circuit to determine copyright ownership of commissioned works, see *Playboy, 53 F.3d at 553-56*; *Picture Music, 457 F.2d at 1216*; *Brattleboro, 369 F.2d at 567-68*, is essentially a dispute about the facts. Judge Cote carefully considered the evidence and made precise findings to support her conclusion that the Books were created at the instance and expense of ERB. See Dist. Ct. Op. at *18-*24. We see no basis for disturbing her findings or her conclusions. Furthermore, as the District Court suggested, id. at *19, *24, the Books are derivative works based on original works for which ERB held the copyrights, and we ruled in Picture Music that in such circumstances the copyright proprietor has the right to "'direct and

supervise'" the work of the commissioned party, sufficient to render it a work for hire, *Picture Music, 457 F.2d at 1216* (quoting *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc., 375 F.2d 639, 643 (2d Cir. 1967))*.

B. Timeliness

The Hogarths contend that ERB is barred from claiming to be the author of the Books pursuant to the work-for-hire doctrine because of the statute of limitations, laches, and equitable estoppel.

Statute of limitations. Civil actions seeking copyright remedies are barred unless "commenced within three years after the claim accrued." *17 U.S.C. § 507(b)*. "A cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised." *Merchant v. Levy, 92 F.3d 51, 56 (2d Cir. 1996)*. The Hogarths contend that ERB's "work-for-hire" claim is time-barred because it "accrued when [ERB] had notice of the contents of the copyright registration certificates identifying Hogarth as author of the Books in the 1970's." Brief for Appellants at 23-24.

The initial obstacle to the limitations defense is that ERB has not made a "claim" to which even a valid limitations defense could be asserted by the Hogarths. ERB did not file a counterclaim. As the issues were presented to the District Court for trial, ERB's work-for-hire contention was a defense to the Hogarths' claim for renewal rights. A defendant who is not seeking any affirmative relief and who asserts a defense only to defeat a plaintiff's claim is not barred by a statute of

limitations. See *United States v. Western Pacific R.R. Co., 352 U.S. 59, 72, 1 L. Ed. 2d 126, 77 S. Ct. 161, 135 Ct. Cl. 997 (1956)* ("To use the statute of limitations to cut off the consideration of a particular defense in the case is quite foreign to the policy of preventing the commencement of stale litigation."); *Luckenbach Steamship Co. v. United States, 312 F.2d 545, 548-51, 552 n.3 (2d Cir. 1963)* ("The law is well settled that limitations do not normally run against a defense."); 133-*24 Sanford Avenue Realty Corp. v. Cisneros, 940 F. Supp. 83, 85 (S.D.N.Y. 1996)* ("It is well established that statutes of limitations run against affirmative claims for relief, but not against defenses."). Even if circumstances had existed when Watson-Guptill filed applications for registration in the 1970s that would have entitled ERB to seek a declaration of non-liability against a claim by Burne Hogarth, ERB would not have been obliged to seek such declaratory relief. Potential defendants are not required to seek at the earliest opportunity a declaration that a defense to a claim not yet brought is valid.

Arguably, ERB's inclusion, in the prayer for relief of its answer, of a request for a declaration that ERB owns all copyright rights in the Books functions as a counterclaim against which the Hogarths' limitation defense can be asserted. But the District Court apparently did not understand ERB to be asserting a counterclaim, and the judgment does not adjudicate one. n17 Moreover, even if ERB had filed a time-barred counterclaim, the statute of limitations would not have prevented ERB from asserting its affirmative defense to the Hogarths' claim. See *Delaware Chemicals, Inc. v. Reichhold Chemicals, Inc., 35 Del. Ch. 493, 503, 121 A.2d 913, 918 (1956)* (dismissing counterclaims as time-

barred but permitting counter-claimant to seek leave to amend to assert the counterclaims defensively).

We need not rest solely on the pleadings, however, because the limitations defense lacks merit. Contrary to the Hogarths' contention, ERB's claim to copyright interests in the Books did not accrue in the 1970s when the applications for registrations were filed. Even if the filing of an application for registration by an adverse party could start a limitations period, a matter we do not decide, n18 a party cannot be held to have started the limitations period for assertion of its copyright claims by filing its own applications for registration, no matter how erroneous. Recognizing that ERB's work-for-hire "claim" cannot accrue until it has suffered some injury, the Hogarths contended in the District Court that ERB suffered a "self-inflicted injury." Dist. Ct. Op. at *24. Not surprisingly, there is no authority for such a contention. The district court cases in which a claimant has been time-barred from asserting claims contrary to the information disclosed in a copyright registration involve applications for registrations filed by a party with interests adverse to those of the claimant. See *Carell v. Shubert Organization, Inc., 104 F. Supp. 2d 236, 249 (S.D.N.Y. 2000)*; *Willsea v. Theis, 1999 U.S. Dist. LEXIS 22471, No. 98 Civ. 6773 (BSJ), 1999 WL 595629*, at *5 (S.D.N.Y. Aug. 6, 1999); see also *Netzer v. Continuity Graphic Associates, Inc., 963 F. Supp. 1308, 1315-16 (S.D.N.Y. 1997)* (copyright ownership claim accrued when claimant received comic book with copyright notice identifying adverse party as copyright proprietor).

In the pending case, as the District Court ruled, the injury to ERB "came at the earliest in 1999, when

Hogarth's heirs asserted an undefined copyright claim in their letter to Disney." Dist. Ct. Op. at *24. The statute of limitations does not bar ERB from defending on the ground that the Books are works for hire.

Laches and equitable estoppel. The District Court correctly ruled that ERB is not barred from asserting its defense because of laches or equitable estoppel. Id. at *25. The Hogarths presented no evidence of reliance to their detriment arising from the registrations or from any other action taken by ERB. See *Ivani Contracting Corp. v. City of New York, 103 F.3d 257, 259 (2d Cir. 1997)* (laches defense unavailable in absence of prejudice); *General Electric Capital Corp. v. Eva Armadora, S.A., 37 F.3d 41, 45 (2d Cir. 1994)* (equitable estoppel requires, among other things, reliance on misrepresentations causing change of position by innocent party).

C. Effect of Registrations

The Hogarths contend that the registrations for the Books that became effective in the 1970s created a presumption that Burne Hogarth was the author and that ERB has not overcome this presumption. Section 209 of the 1909 Act provides that the Register's certificate of registration "shall be admitted in any court as prima facie evidence of the facts stated therein." The 1973 application for registration of Tarzan of the Apes, filed by Watson-Guptill, identified the authors as "Edgar Rice Burroughs (deceased)" and "(illustrated) by Burne Hogarth." n19 The 1976 application for registration of Jungle Tales of Tarzan, also filed by Watson-Guptill, identified the author as "Burne Hogarth." ERB did not fully correct these

registrations until 1999, when it filed applications for supplemental registrations identifying ERB as author on the basis of work for hire. n20 In 2000, conflicting applications for registrations for the renewal term for Tarzan of the Apes were filed by ERB and by the Hogarths. ERB's initial renewal application listed "Edgar Rice Burroughs, Inc." as the author (on a work-for-hire theory), and the Hogarths' application listed Burne Hogarth as the author.

The application forms on which Watson-Guptill applied for registration of a copyright for both of the Books stated: "Where a work was made for hire, the employer is the author." The Hogarths contend that, in light of this explicit instruction, the omission of ERB as "author" on the applications filed by Watson-Guptill resulted in registration certificates in effect "disclaiming 'employer for hire' status for ERB." n21 Brief for Appellants at 36.

As the Register's letter to this Court explains, however, the Copyright Office's examination of copyright applications is "necessarily limited," Peters Letter at 4, and should be "distinguished from the Patent and Trademark Office's process for issuance of patents," id. at 3-4. "The Office does not make factual determinations with respect to publication or any other act done outside of the Office" and "will register adverse claims by more than one party," id. at 4, which are "not unusual," id. at 14. Commenting on ERB's application for supplementary registration, filed in 1999, which identified ERB as the author of Tarzan of the Apes on a work-for-hire theory, the Register's letter also points out that it is not unusual for correcting information to

be submitted at any time during the original term. Peters Letter at 10.

The Register's letter specifically endorses the following passage from Judge Cote's opinion concerning the significance of the registrations:

> "[A] certificate of registration creates no irrebuttable presumption of copyright validity. Extending a presumption of validity to a certificate of copyright merely orders the burdens of proof. " Carol Barnhart, Inc. v. Econ. Cover *Corp., 773 F.2d 411, 414 (2d Cir. 1985)* (citations omitted). Furthermore, "where other evidence in the record casts doubt on the question, validity will not be assumed." *Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905, 908 (2d Cir. 1980).*

Peters Letter at 22 (quoting Dist. Ct. Op. at *17). "Thus," the Register concludes, "all that the statutory presumptions flowing from the certificates of registration do is to shift the burden of going forward." Id. at 23. We agree. n22 See *Langman Fabrics v. Graff Californiawear, Inc., 160 F.3d 106, 111 (2d Cir. 1998).*

In the pending case, ERB has adequately discharged its burden of rebutting the presumption to be accorded the facts reflected in the original registrations. On the facts as found by the District Court and under this Circuit's case law applicable to those facts, the Books are works for hire. ERB is legally regarded as the "author" entitled to both the original and the renewal terms. n23

We acknowledge that we are disturbed that a corporation as sophisticated in the protection of its copyrights as ERB did not correct the registrations for the Books to identify them as works for hire until 26 and 23 years, respectively, after the initial registrations. It is even more perplexing that Marion Burroughs, an officer of ERB and the daughter-in-law of Edgar Rice Burroughs, would file an application for a supplementary registration for Tarzan of the Apes in 1979 that only corrected the misspelling "Edgard" and added Edgar Rice Burroughs as author of original text, but left Burne Hogarth identified as the author of the work with no indication that ERB claimed to be the proprietor of a work for hire. However, as we noted in rejecting the Hogarths' laches contention, there is no evidence of prejudicial reliance by Burne Hogarth or his heirs on the lack of work-for-hire identification before 1999, nor is there any basis for rejecting the District Court's well supported conclusion that the Books are works for hire. n24

II. Contract Claims

The Hogarths' two contract claims merit no discussion beyond the analysis provided by the District Court. Concerning the claim for a portion of the payment ERB received from Disney, Judge Cote properly concluded that ERB did not license to Disney any rights in the copyrightable material in the Books, Dist. Ct. Op. at *25-*27, and that, even if that had occurred, the 1970 Agreement gave Burne Hogarth no entitlement to any portion of the Disney payments, id. at *28-*29. As to the claim that ERB's failure to build a museum to house the Tarzan artwork breached the 1970 Agreement and entitled the Hogarths to return of

the original artwork for the 1972 book, Judge Cote properly concluded that ERB was not obligated to build the museum, and that the artwork had been correctly distributed pursuant to the 1970 Agreement. Id. at *29.

Conclusion

The judgment of the District Court is affirmed. Although, as we have noted, the incorrect identification of the author in the original registrations and ERB's long delay in correcting those registrations are not grounds for disturbing the District Court's judgment, we observe that had ERB been more attentive to the filings made on its behalf, this litigation would in all likelihood have been avoided or at least substantially reduced in scope. We therefore exercise our discretion to deny ERB an award of appellate costs. See *Fed. R. App. P. 39(a)* (cost provisions apply unless court "orders otherwise").

FOOTNOTES

n1 Tarzan's prior appearances in this Court include *Keller v. Lee, 152 F.3d 918 (2d Cir. 1998)* (table), *Burroughs v. Metro-Goldwyn-Mayer, Inc., 683 F.2d 610 (2d Cir. 1982)*, and *Burroughs v. Metro-Goldwyn-Mayer, Inc., 636 F.2d 1200 (2d Cir. 1980)* (table).

n2 In this and all subsequent quotations from the District Court's opinion, we have omitted the emphases supplied by Judge Cote in her quotation of the relevant documents.

n3 As previously noted, the registrations for the original text versions of Tarzan of the Apes and Jungle

Tales of Tarzan were filed before 1920, and these works are now in the public domain.

n4 The certificate issued on the basis of this application modified three entries. Within the blank headed "TITLE OF WORK IN WHICH RENEWAL IS CLAIMED," which had stated "Tarzan of the Apes," was added "*by Edgar Rice Burroughs." Within the blank headed "AUTHOR(S) OF RENEWABLE MATTER," which had stated "Edgar Rice Burroughs, Inc.," was added "* illustrated by Burne Hogarth." Within the blank headed "RENEWABLE MATTER," the description was limited to "pictorial matter*." The certificate explains that items marked by an asterisk are "Amended by C.O.[Copyright Office] from original registration, limiting new matter to 'pictorial version.'"

n5 Although without consequence to our decision, some confusion remains concerning the replacement of the inadvertently processed third renewal application. The Register informs us that the Office issued the replacement certificate "using the earlier December 15, 2000 application submitted by [ERB]." Peters Letter at 13. However, that application is dated December 6, 2000, and bears no handwritten signature; the replacement certificate, sent to us by the Register, bears the handwritten signature of Danton Burroughs and the date November 30, 2000. In any event, both the unsigned application filed by Danton Burroughs on December 6, 2000, and the signed application filed by Danton Burroughs on November 30, 2000, list the author of renewable matter as "Edgar Rice Burroughs, Inc."

n6 How ERB placed its work-for-hire contention before the District Court is not clear from the pleadings. ERB's answer does not assert, either as an affirmative defense or in a counterclaim, that the Books were works for hire. The answer includes, as an affirmative defense, that the Hogarths' claims to own exclusive rights in the renewal terms are barred "because, without regard to whether Hogarth's contributions thereto were work for hire, the [Books] were created by Burroughs and Hogarth as joint works under the U.S. copyright laws," presumably referring to the definition of "joint works" in the Copyright Act of 1976, *17 U.S.C. § 101 (2000)*. That definition, referring to the "preparation" of a work "by two or more authors," is properly understood to cover a work of co-authorship. See *Childress v. Taylor, 945 F.2d 500, 504 (2d Cir. 1991)*. At oral argument, however, both sides disclaimed co-authorship.

n7 The 1976 Act replaced the renewal term of the 1909 Act with a new provision, applicable to "any work other than a work made for hire," permitting termination of "the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978," *17 U.S.C. § 203(a)*, within "a period of five years beginning at the end of thirty-five years from the date of execution of the grant," id. *§ 203(a)(3)*. The legislative history explains:

> [The termination provision is] based on the premise that the reversionary provisions of [section 24 of the 1909 Act] should be eliminated, and that [the 1976 Act] should substitute for them a

> provision safeguarding authors against unremunerative transfers. A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited.

H.R. Rep. No. 94-1476, at 124 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5740.

n8 The duration of the renewal term was extended to 47 years by the 1976 Act, *17 U.S.C. § 304(a)(1)(C) (1982)*, and to 67 years by the Sonny Bono Copyright Term Extension Act, *17 U.S.C. § 304(a)(1)(C) (2000)*. See Nimmer on Copyright § 9.11[A]-[B] (2003).

n9 The Copyright Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 264, codified at *17 U.S.C. § 304(a)(2)(A)(ii)*, provides for automatic extension, but also provides advantages for claiming renewal within one year of the expiration of the original term. Id. at *§ 304(a)(2)(A)(i)*.

n10 Judge Katzmann does not join this part of the opinion because he believes it is not necessary to the decision we reach in this appeal.

n11 It is possible that the implied assignment rationale of Yardley applied only to the original term of the copyright, in which event the executor would have been entitled to apply for the renewal term because the right to the expectancy in the renewal term, if not impliedly assigned, would have remained the property of the decedent. Whether the executor was entitled to

apply for the renewal right because the expectancy in the renewal right was deemed to be within the scope of the implied assignment and then voided by the death of the artist during the original term, or because that expectancy was deemed not within the scope of the implied assignment, Yardley's use of an implied assignment rationale strongly indicates that the work was not regarded as a work for hire. The important point is that the commissioning party was not entitled to the renewal right.

n12 The creator of the lyrics in Vogel Music II was in fact an employee of the company that had contracted with him, but the lyrics were created "as a special job assignment, outside the line of his regular duties." *Vogel Music II, 221 F.2d at 570.*

n13 Brattleboro involved a somewhat unusual context for a dispute as to a commissioned work. Normally, the party claiming to have commissioned a work is a large entity that publishes numerous works and the party claiming to hold the renewal term is an individual who created the work. In Brattleboro, however, the individual advertising merchants commissioned the works, and the newspaper created them. This reversal of the usual roles might have influenced the outcome: the Court characterized the commissioning parties as "small merchants" who "were naive with respect to the complex provisions of the copyright law." *Brattleboro, 369 F.2d at 568.*

n14 The Court's review of the earlier decisions can be viewed as somewhat overstating their language. First, the Court characterized Brattleboro as having "expressly applied the statutory work for hire doctrine

to the case of an independent contractor." *Picture Music, 457 F.2d at 1216.* In fact, what Brattleboro had done was apply the "instance and expense" test to determine that a party commissioned to create a work should be deemed to have assigned its copyright for the original term to the commissioning party. Brattleboro never classified the work as a work for hire, although it did say that the work-for-hire "principles" were applicable to a commissioned work. Second, in Picture Music, the Court stated that Yardley "held that one who commissions an artist to paint a mural owns all rights to its reproduction," Id. (emphasis added). In fact, Yardley had recognized that the executor of the deceased artist, not the commissioning party, held the renewal right.

n15 Playboy acknowledged that "until the mid-1960's, federal courts applied the work-for-hire doctrine only to cases in which a traditional employer/employee relationship existed between the hiring party and the creator of the work," *53 F.3d at 554*, and cited the Ninth Circuit's decision in *Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir. 1965)*, as the first case to apply the doctrine to a commissioned work. *Playboy, 53 F.3d at 554.* Playboy repeated the overstatement in Picture Music that Brattleboro had "held" that a party commissioning a work at its instance and expense is an "employer" for purposes of the 1909 Act. Id. See footnote 14, supra.

n16 After quoting in italics the statement from CCNV recounting lower courts' use of an implied assignment theory as the basis for transfer of copyright by a commissioned party, the Nimmer treatise states:

> The effect of the italicized sentence is that the hiring party owns a commissioned work created under the 1909 Act via assignment, not as its initial proprietor. The right to renew such a work, in the first instance, should therefore revert to that author rather than vesting automatically in the hiring party. To that extent, the holding of Picture Music becomes untenable.

3 Nimmer § 9.03[D], at 9-28.4.

n17 The judgment denied the Hogarths' claim that Burne Hogarth is the sole author of the Books and denied their claim that they are successors to the copyright renewal terms. It did not make any declaration of ERB's rights.

n18 Our Court has not decided whether a copyright ownership claim accrues solely upon an adverse party's filing of a registration reflecting ownership incompatible with that of the claimant. In Merchant, we upheld a jury's determination that a claim of co-authorship had accrued when the alleged co-authors reached the age of majority. *92 F.3d at 56*. The critical circumstance bearing on accrual in Merchant was not that a certificate of registration, omitting the claimants as co-authors, had been issued prior to the claimants' reaching the age of majority; it was the claimants' knowledge that they were not receiving royalties to which they believed themselves entitled. *Id. at 53* ("The jury also found . . . that the only period during which Plaintiffs did not know, and could not have known with the exercise of reasonable diligence, that royalties to

which they were entitled had accrued lasted from 1955 to 1961, while Plaintiffs were underage.") (emphasis added). In *Stone v. Williams, 970 F.2d 1043 (2d Cir. 1992)*, we ruled that the claim of an author's daughter accrued when she was put on notice that "she might be the child of [a well known singer], and she knew then that she was receiving no money as a result of such relationship." *Id. at 1049.* As in Merchant, accrual occurred when the claimant became aware that she had sustained the injury of not receiving royalties. *Margo v. Weiss, 213 F.3d 55 (2d Cir. 2000)*, likewise concluded that a co-authorship claim concerning a song written in 1961 accrued when the claimant knew or should have known of the grounds for the claim, *id. at 60*(applying Merchant). However, because the Court ruled that the plaintiffs knew of the grounds for their claim no later than 1992, *id. at 61*, more than three years before their complaint was filed in 1996, the Court must have thought that accrual could have occurred in 1992 by reason of events happening long after the plaintiffs made their alleged contribution to the song's creation.

n19 Since Burroughs had died before the pictorial version of Tarzan of the Apes was created, he could not have been a co-author of any of the new material in this derivative work, and only such new material was entitled to a copyright. See *Durham Industries, Inc. v. Tomy Corp., 630 F.2d 905, 909* & n.6 (2d Cir. 1980). The Register has noted that since the new matter is identified in the registration as "Burne Hogarth's pictorial version of Edgar Rice Burroughs' novel," the registration should be understood to have identified only Burne Hogarth as the author of the new matter and to have identified Edgar Rice Burroughs as the author of the underlying work. Peters Letter at 9.

n20 The 1976 Act provides that "the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence . . . of the facts stated in the certificate" and that "the evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court." *17 U.S.C. § 410(c).*

n21 ERB seeks to minimize the significance of the listing of Burne Hogarth as co-author or author of the Books by pointing out that the Register's instructions applicable to registrations for the renewal term under the 1909 Act state, "The term 'author' does not include employers for hire." Letter of Roger L. Zissu, Esq. to Roseann B. MacKechnie, Clerk, U.S. Court of Appeals for the Second Circuit (May 1, 2003) (enclosing Compendium of Copyright Practices, Compendium I § 11.7.1(II)(a)). ERB argues that including an employer as an author in the case of a work for hire under the 1909 Act and not including such an employer as an author for purposes of the renewal term creates an "inconsistency" that "illustrates the difficulty for a lay person, or even a lawyer, in preparing applications and understanding the evolving work for hire doctrine." Id. We are not persuaded that lawyers are entitled to be so easily confused between a provision concerning the original term and one concerning the renewal term.

n22 Although "'the Copyright Office has no authority to give opinions or define legal terms,'" *Morris v. Business Concepts, Inc., 283 F.3d 502, 505 (2d Cir. 2002)* (quoting *Bartok v. Boosey & Hawkes, Inc., 523 F.2d 941, 946-47 (2d Cir. 1975)*), we have sometimes found the Office's views "persuasive," id.

n23 ERB's evidence also sufficed to rebut whatever presumption arose from the Hogarth's renewal term application for Tarzan of the Apes, even if that presumption was not already dissipated by the filing of ERB's conflicting renewal term application. See *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc., 224 F. Supp. 2d 567, 586-87 (S.D.N.Y. 2002)*; *NBC Subsidiary, Inc. v. Broadcast Information Services, Inc., 717 F. Supp. 1449, 1451 (D. Colo. 1988)*.

n24 Perhaps, in considering the registrations for the Books, Burne Hogarth shared the view expressed by counsel for the Hogarths during this litigation that, when confronted with the original term registrations for the Hogarth comic strips, which are conceded to be works for hire yet identified Hogarth as "author," he inferred that the word "author" was being used, not as a "legal conclusion," but "colloquially."

00 CIV. 9569 (DLC)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

THE ESTATE OF BURNE HOGARTH; BURNE HOGARTH DYNAMIC MEDIA WORLDWIDE LLC; MICHAEL HOGARTH; RICHARD HOGARTH; and ROSS HOGARTH, as the children of deceased author Burne Hogarth,
Plaintiffs,
-v-

EDGAR RICE BURROUGHS, INC.,
Defendant.

March 15, 2002, Decided
March 15, 2002, Filed

For Plaintiffs: Peter Hebert, Lankler Siffert & Wohl, David B. Smallman, Steinhart & Falconer, New York, NY.

For Defendant: Roger L. Zissu, Evan C. Gourvitz, Fross Zelnick Lehrman & Zissu, P.C., New York, NY.

JUDGES: DENISE COTE, United States District Judge.

OPINION BY: DENISE COTE

OPINION:

OPINION AND ORDER

DENISE COTE, District Judge:

In 1999, the Walt Disney Company ("Disney") released an animated motion picture based on the story of Tarzan, a fictional character from the jungles of Africa created almost a century earlier by author Edgar Rice Burroughs ("Burroughs"). For generations, Burroughs' Tarzan stories have been retold through books, movies, and in comic strips. One of the most famous illustrators of the story was Burne Hogarth ("Hogarth"). Spurred by the release of the Disney film, and hoping to share in monies Disney paid to Burroughs's heirs, Hogarth's heirs have brought suit against Edgar Rice Burroughs, Inc. ("ERB"), the corporate vehicle that holds the copyrights in Burroughs' work.

The plaintiffs' claims rest in the first instance on their copyright claims to two illustrated books, "Tarzan of the Apes," published in 1972 (the "1972 Book"), and "Jungle Tales of Tarzan," published in 1976 (the "1976 Book")(collectively, the "Books"). Hogarth contributed the wonderfully complex illustrations in each of these Books and lengthy introductions in each book praise his artistic genius. The Books, however, were a commercial failure and have long been out of print. Plaintiffs seek a declaration that Hogarth was the sole author of the Books, and that, because Hogarth died prior to the commencement of the Books' renewal copyright terms, plaintiffs should succeed to the renewal terms as Hogarth's descendants pursuant to *17 U.S.C. § 304*(a)(1)(C).

Plaintiffs also seek, pursuant to a 1970 agreement between Hogarth and ERB, a portion of the licensing

fee paid to ERB by Disney in connection with Disney's production of the 1999 movie "Tarzan" (the "Movie"). Specifically, plaintiffs seek 50% of that portion of the licensing fee attributable to the rights allegedly granted to Disney in the Books. Finally, asserting breach of contract, plaintiffs seek the return of the original artwork their father created for the 1972 Book.

For its part, ERB contends, among other things, that the Books were works for hire and that, as the hiring party, it is their author and the sole claimant of their renewal terms. ERB further contends that it did not license the Books to Disney and that, even if it did, the terms of the 1970 Agreement do not entitle plaintiffs to share in the licensing fee. It denies that the plaintiffs are contractually entitled to the original art for the 1972 Book.

Plaintiffs filed this action on December 15, 2000. They filed an amended complaint on January 26, 2001. A bench trial was held by consent of the parties on March 11, 2002. In accordance with the Individual Practices of this Court in civil bench trials, and without objection, the parties submitted the direct testimony of their witnesses by affidavit as well as the documentary evidence in advance of trial. Plaintiffs submitted the affidavits of Maurice Horn ("Horn"), an historian and critic of illustration; Arthur Schneck ("Schneck"), Hogarth's personal attorney; Richard Hogarth, Hogarth's son; and Donald Holden ("Holden"), Hogarth's editor at Watson-Guptill Publications ("Watson-Guptill"). Plaintiffs also relied on excerpts from the deposition testimony of Sandra Galfas ("Galfas"), President of ERB; Danton Burroughs, Burroughs's grandson; Mark Kenchelian ("Kenchelian"),

Senior Vice-President for Business and Legal Affairs at Walt Disney Pictures and Television when Disney negotiated with ERB for rights to the Tarzan story; and Chris Buck ("Buck"), Co-Director of Animation for the Movie. Defendant submitted the affidavit of Galfas. Defendant also relied on excerpts from the deposition testimony of Schneck, Holden, Hogarth, Kenchelian, and Buck. All parties also submitted counter designations from the various depositions. All of plaintiffs' affiants were cross-examined at trial; the plaintiffs declined to cross-examine Galfas.

Since many of the critical events in the case occurred in the 1970s or even earlier, and the principals in those events are essentially unavailable (either because of death in the case of Hogarth and Marion Burroughs or the parties' decision not to depose him in the case of Robert Hodes), it is the documentary evidence from that era that has been the most valuable and reliable source of evidence. In light of the evidence submitted at trial, the following constitutes this Court's findings of fact and conclusions of law.

Background

Edgar Rice Burroughs lived from 1875 to 1950. He published his first Tarzan novel, "Tarzan of the Apes," in 1912, and his twenty-sixth and last, "Tarzan and the Foreign Legion," in 1944. See Irwin Porges, Edgar Rice Burroughs: The Man Who Created Tarzan (1975) (the definitive biography). "Tarzan of the Apes," and "Jungle Tales of Tarzan," first published in 1916-17, are now in the public domain in the United States. Copyright protection for these and the other Tarzan novels continues to exist in certain member countries of the

Berne Union. Burroughs established ERB in 1923, to manage the rights in his literary creations; it is owned by Burroughs' descendants.

Burne Hogarth was born in 1911, and trained at an early age at the School of the Art Institute of Chicago. In 1937, he was hired by United Features Syndicate, Inc. ("United Features") to illustrate the syndicated comic strip "Tarzan." He continued to do so with only brief interruptions until 1950. During that time, he developed a highly distinctive and still widely acclaimed style of illustrating Tarzan and his universe. In 1950, Hogarth discontinued his work on the syndicated comic strip to co-found the School of Visual Arts in New York, where he served as an instructor of anatomical drawing until his retirement in 1970. While teaching at the School of Visual Arts, Hogarth authored several classic texts on illustration, including "Dynamic Anatomy," "Drawing the Human Head," and "Dynamic Figure Drawing." Hogarth died in January 1996.

Copyright in Hogarth's Tarzan Comic Strips

As noted, it was United Features that hired Hogarth to illustrate Tarzan comic strips. The contract between ERB and United Features required that the comic strips be submitted to ERB for prior approval, that United Features obtain copyrights in the name of ERB, to whom the contract referred as the "owner," and that a notice appear with each strip identifying ERB as the owner and Burroughs as the author.

Plaintiffs do not dispute that Hogarth's work on the comic strip was done as an employee for hire. The original copyright registrations for the individual comic

strips list ERB as the claimant of the copyrights and the following under the "Author" heading: "Edgar Rice Burroughs and Don Garden, of United States, authors of text; Burne Hogarth, of United States, author of pictures." The renewal copyright registrations for the individual comic strips identify ERB as the "proprietor of copyright in a work made for hire." Under the heading "Authors of Renewable Matter" is the same entry as appeared under the "Author" heading in the original registration: "Edgar Rice Burroughs and Don Garden, of United States, authors of text; Burne Hogarth, of United States, author of pictures."

The Book Project Takes Shape

Almost twenty years after Hogarth stopped working on the comic strips, he and ERB joined forces again on another Tarzan project. The idea of the Books came from discussions in the late 1960s between Hogarth and Robert Hodes ("Hodes"), who was then the Vice President of ERB in charge of its day-to-day operations. During their first meeting in Paris in 1967, Hogarth and Hodes spoke about the possibility of Hogarth's returning to the illustration of the Tarzan story in a Sunday color comic strip format, although they disagreed over the terms of his compensation. In September 1969, Hogarth wrote Hodes a short letter seeking to reopen discussion of ways to exploit what Hogarth called the "TARZAN page." Hodes replied favorably and asked Hogarth for his ideas on possible projects. In October 1969, Hogarth suggested that he "take up the illustration of the TARZAN Sunday Color Page," which could lead to reproductions of the pages in, among other media, "hard cover books," silk-screened color posters, and animated films. Hogarth

spoke in inspired terms of his desire to take Tarzan illustration to a new level:

> What has become quite apparent for some time is the rise of a new reading public which takes 'pop' culture and 'pop' art quite seriously and is ready to accept new standards of higher aesthetic judgment as to what is called art. In my opinion, I think it is possible for the comic strip to reach the status of a new dimension, and I think it is possible to do this with the character and personality of TARZAN.

Later that month, Hodes replied that the "Sunday page" was a dying medium (and expressed to Hogarth great enthusiasm that the producers of the musical "Hair" were bringing "Tarzan" to Broadway). Hodes assured Hogarth that ERB would want "to give the artist a fair share of the proceeds resulting from his labors" should they undertake any project with him. Hogarth suggested in response that he would be willing to accept less compensation, at least in the early stages of a Sunday page project. Hodes replied on December 12, 1969, that ERB's comic book projects were in a state of flux, and that he and Hogarth "will have to suspend our discussions temporarily."

Six months later, in June 1970, Hogarth sent Hodes a copy of his newly published book "Dynamic Figure Drawing," and expressed his concern that "your letter of six months ago (Dec. 12) left our discussion indeterminate and in a state of doubt." He revealed that he was "disposing of" his interests in the School of Visual Arts and would be free to devote his entire time

to the creation of art. In his reply dated June 29, 1970, Hodes asked: "Can you suggest some new type of material that can bring TARZAN to an entirely different market?" (Emphasis in original). Before receiving a reply from Hogarth, Hodes wrote on July 15, 1970, to suggest the production of "a quality, high priced edition of an adult version of TARZAN OF THE APES in graphic form." The next day, on July 16, 1970, Hodes wrote again, and described in detail his idea for a "graphic edition of TARZAN OF THE APES." Hodes saw the greatest hurdle as finding a U.S. publisher and believed it would be necessary to have all the artwork completed before approaching the publisher. Hodes envisioned a series of books on Tarzan followed by illustrated books on other Burroughs themes. Hodes proposed terms for the project that anticipated in many respects ERB's final agreement with Hogarth:

> 1. We would commission you to produce the work at a cost that would be paid one-half now and one-half out of the first proceeds of the book from all sources whatsoever. That one-half deferred payment is the extent of your speculation, or risk.
>
> 2. We would undertake to find a U.S. publisher and to sell off the foreign rights. All expenses would be borne by us, and this, together with the sum paid to you, would be our risk.
>
> 3. The worldwide proceeds from the first book would go first to make up your deferment, and then to make up our own

> actual expenditures. After that, proceeds would be split 50-50.
>
> 4. Should the first book be successful, we would obtain sufficient worldwide advances to cover your and our costs of producing the next work, and so on for as long as the public continues to accept these books, with profits from all sources being divided equally. Should any of your work be reprinted in newspapers or magazines, you would also share equally.

(Emphasis supplied; emphasis in original removed). Hodes continued: "I must leave all artistic considerations to you, but believe me, I know a market exixts [sic] abroad for such a series. If I had one completed book and the covers for about ten more, I could make one trip to the Frankfurt Book Fair, open our own ERB exhibit there and come home with orders and advances from most of Europe." (Emphasis in original). By letter dated July 21, 1970, Hogarth responded that "your proposal sounds like a capital idea. . . . Your thoughts on the general procedure and arrangement are eminently fair and attractive; but beyond these, the idea is completely captivating."

For the remainder of 1970, Hodes sought out a publisher for what would become the 1972 Book while Hogarth worked on initial drawings to aid in the effort. By August of 1970, Hodes had initiated discussions with Swallow Press regarding a hardbound edition of the first book and with Bantam Books regarding a paperback edition. Through the intervention of Hogarth, Hodes also met in October 1970 with Jules

Perel ("Perel"), the President of Watson-Guptill, which had already published several of Hogarth's art instruction books. Despite Hogarth's ultimate preference for Bantam Books as the publisher, Hodes chose Watson-Guptill. In October 1970, Hodes wrote to Donald Holden ("Holden"), Editor of Watson-Guptill, with a copy to Hogarth, setting out the terms of a proposed agreement between ERB and Watson-Guptill for the publication of the 1972 Book. Hodes listed in pertinent part:

> 1. Your contract is directly with Edgar Rice Burroughs, Inc. We undertake to provide the services of Burne Hogarth to furnish you with artwork and text for your proposed illustrated book of Tarzan of the Apes . . . . You have no financial obligations whatsoever to Mr. Hogarth. We do.
>
> 2. You are responsible for designing and producing the book, and, in general, supervising Mr. Hogarth's work . . . . We reserve the right to require all parties to produce a book that reasonably and substantially tells the story of Tarzan of the Apes as Edgar Rice Burroughs told that story in his classic novel. . . . As for the artwork itself, we cannot and do not presume to influence or control the work of Mr. Hogarth.
>
> 3. Any costs involved in the design, typesetting, photography, and/or production of the book will be borne by you. Only the

> payments to Mr. Hogarth shall be our responsibility.

(Emphasis supplied).

The 1970 Agreement Between ERB and Hogarth

By letter agreement dated November 16, 1970 (the "1970 Agreement"), but not signed by Hogarth until February 16, 1971, ERB and Hogarth established the terms of their relationship with respect to the creation of the 1972 Book and any such books thereafter. Hogarth's attorney, Arthur Schneck, spoke by telephone with Hodes on at least one occasion in 1971 regarding the contract and on at least one occasion in 1972 regarding an amendment to the contract.

Paragraph 1 of the 1970 Agreement states:

> You [Hogarth] will create a book along the lines we [ERB] have discussed with Watson-Guptill based upon approximately one-half of Tarzan of the Apes . . . . The creative details will be worked out between you and our publisher . . . ."

Paragraph 2 grants to ERB a right of approval. It states:

> We will have the right to approve the content of the books, but our sole interest in this regard will be to preserve the Burroughs 'flavor.' We may give you our artistic suggestions from time to time, but you will be the final judge of the artwork as distinguished from the story or text.

Paragraph 3 sets forth Hogarth's compensation:

> For all of your services and for all rights being granted, we will pay you, your estate, personal representatives, heirs and beneficiaries, for the term of the copyright, including renewals:
>
> (a) $ 2,500 on January 1, 1974;
>
> (b) $ 2,500 on the completion of all your work; and
>
> (c) 50% of all net monies realized by us from the exploitation of the book. That is, your participation extends to hardcover editions, serializations, and the like and to the use of the artwork contained in the book or any significant portion of it for other media, such as film strips, animated television productions, premium booklets, art portfolios or similar uses. However, we shall have the right to use any and all of your artwork in connection with our own business activities without being obligated to pay you therefor, just as long as we do not use the book as a creative unit in such activities. Examples of this "free use" are: The use of isolated pictures as covers or illustrations for our books or in our advertising or in connection with items of merchandising.

(Emphasis supplied). This paragraph is a combination of what were two separate paragraphs in a prior draft

of the 1970 Agreement, the first of which concerned the exploitation of the book in print form, the second the exploitation of the book from "sources other than direct publication of the book in printed form," such as the "licensing or sale of the book for use in connection with items of merchandise or in connection with television." Hogarth's request to benefit from the exploitation of his work in media other than books had prompted the parties to draft the second paragraph. The language in the final agreement concerning "the use of artwork contained in the book" replaced language that appeared in the second paragraph of the prior draft.

As amended by a letter agreement dated November 30, 1972, paragraph 3 of the 1970 Agreement also defines the term "net monies:"

> The term "net monies" means the monies we are paid after first deducting agents' commissions (if any) and after deducting the sum of $ 5,000 for your services and $ 5,000 for our services for promoting, packaging and selling the project.

Thus, after the first $ 10,000 of royalties payments, if any, from Watson-Guptill, all royalties would be split equally between ERB and Hogarth. This amendment effectively limited ERB's right to recover its expenses before paying royalties to $ 10,000.

Paragraph 5 consists of a commitment by ERB exclusively to employ Hogarth in the creation of the artwork for the planned books. It states: "You [Hogarth] will create the subsequent books and we agree not to employ anybody else to create them,

provided you are prepared to create them." (Emphasis supplied).

Paragraph 7 divided the original art for the project between the parties and states:

> We agree that the physical possession and ownership of the original artwork shall be shared on the following basis: We shall own the originals for the first book, you shall own them for the second book, we for the third book, you for the fourth book and so on. We have indicated to you that we desire the physical possession and ownership of the foregoing artwork in order to place it in an Edgar Rice Burroughs Museum. In the event at any time any of such original artwork created by you and owned by us shall be sold, you shall be entitled to 50% of the net monies paid for such artwork after first deducting agents' commissions, if any.
>
> You agree that in the event you should decide to sell any of the original artwork created by you and owned by you, you shall give us first refusal to purchase the artwork upon the same terms as the artwork is offered to others.

(Emphasis supplied).

Paragraph 8 concerns the copyright in the projected books:

> The book will be copyrighted in the name of Edgar Rice Burroughs, Inc. and we shall be the exclusive proprietors thereof, subject always to our obligation to pay you your participation. You hereby grant us whatever rights we need to obtain the copyright in our name and to extend and renew that copyright wherever and whenever we can.

(Emphasis Supplied).

In February 1971, when Hodes sent copies of the agreement to Hogarth for his signature, Hodes noted that Schneck "has fulfilled his own role in the same spirit of cooperation that you and I enjoy together." In the same month, Hogarth responded in a letter accompanying Hodes's copy of the fully executed 1970 Agreement: "This merely puts in formal terms things we've talked about in terms of procedures and goals. More important is the feeling engendered in the project and our mutual sense of commitment and wholehearted enthusiasm which cannot be be [sic] entered into this prosaic record."

1972 Agreement Between ERB and Watson-Guptill

On February 25, 1972, ERB entered into an agreement with Watson-Guptill granting it worldwide English language hardcover publication rights in the 1972 Book and the option to publish other books thereafter (the "1972 Agreement"). In the 1972 Agreement, ERB warranted that it was the "sole author and proprietor" of the 1972 Book. The agreement also granted ERB a right of approval: "You

[ERB] shall have the absolute right to approve the text and artwork, which you have seen and which you hereby approve." Hogarth kept a copy of the 1972 Agreement in his own files.

The Preparation and Publication of the 1972 Book

Hogarth and Hodes worked closely in the preparation of the 1972 Book. Hogarth sent Hodes an initial draft of the script of the book. Hodes reviewed the script in detail and made extensive revisions, which he sent to Hogarth with a marked-up copy of the novel "Tarzan of the Apes" for Hogarth's reference. n1

Correspondence between the two suggests that Hogarth kept Hodes up to date on the progress of his work. In May 1971, Hogarth wrote what he called a "progress of artwork report" to Hodes, in which he stated that "I've been slow with this first stage I know, but Donald Holden of Watson-Guptill tells me the deadline is elastic and to go at my own pace." Hogarth concluded by telling Hodes that "I'll write you anon when we can approve another batch of copy." Hogarth worked at home in his home studio in Pleasantville, New York, and used his own materials in the creation of the artwork for the 1972 Book. On at least one occasion, Hodes visited Hogarth's studio so that the two could work on the book together. Hodes described the progress on the Book to ERB's Board and assured the Board that ERB maintained ownership of the artwork. The Board's discussion included such detailed matters as whether it should require Hogarth to change Tarzan's face on the 1972 Book's cover illustration to make it less effeminate.

In February 1972, as the 1972 Book was nearing completion, Donald Holden wrote to Hodes regarding the content of its jacket, title page, and copyright page. Holden stated:

> I'm particularly concerned about the credits. Exactly how should we credit Hogarth and [Edgar Rice] Burroughs?
>
> Should it be Tarzan of the Apes by Burne Hogarth, based on the novel by Edgar Rice Burroughs? Should it be Tarzan of the Apes/drawings by Burne Hogarth/text by Edgar Rice Burroughs? Or just what?

Holden also enclosed a copy of a template copyright page for Hodes's review. Hodes replied, in pertinent part:

> Jacket:
>
> Edgar Rice Burroughs'
> Tarzan of the Apes
> by
> Burne Hogarth
>
> . . . .
>
> Title Page:
>
> Same as jacket, but adding, in smaller type,
>
> Original Text of
> Edgar Rice Burroughs

Adapted by Robert M. Hodes

That's for my mother, who always wanted me to be a writer.

The copyright page is okay, if the copyright notice reads:

Copyright c 1972 by Edgar
Rice Burroughs, Inc.

All of the foregoing is subject to the comments, suggestions and approval of Burne [Hogarth].

(Emphasis in original).

As published, the cover of the 1972 Book consists of text set upon a distinctive Hogarth image of a muscular Tarzan figure emerging out of the jungle. The text "Tarzan of the Apes" and "Edgar Rice Burroughs" appears in the top quarter of the cover with the word "Tarzan" in very large type and "Edgar Rice Burroughs" appearing in small type in a box above it. "By Burne Hogarth" appears in large type in the bottom quarter of the page along with the phrase "Totally New." The title page consists of "Tarzan of the Apes," "By Burne Hogarth," and "Original text by Edgar Rice Burroughs adapted by Robert M. Hodes." The copyright notice states "Copyright (c) 1972 by Edgar Rice Burroughs, Inc." The copyright page also contains an eloquent dedication to Hogarth's father.

The 1972 Book begins with a 25-page essay by the historian Maurice Horn, entitled "The Magic of Burne

Hogarth," including an extensive bibliography of works on Hogarth and museography of showings of Hogarth's work. The book is 160 pages in length, 122 of which consist of color illustrations with text in comic book format.

Sale of the 1972 Book

The 1972 Book was released in September in a run of 50,000 copies. At first, it appeared to be selling well. By the summer of 1973, however, sales had slowed considerably. In April 1974, Perel wrote to Hodes that "sales are proving quite disappointing" and that Watson-Guptill had decided to remainder most of the 20,000 copies still in its inventory. Hogarth attributed the 1972 Book's failure to a number of factors, including problems with the color process printing that "virtually ruined the [] black line finesse" of his drawings, the decision to pitch the book to the art market, the art market's rejection of the book, other failures in marketing strategy, and a devastating dispute between Hodes and Watson-Guptill regarding a payment for films necessary to publish the book abroad.

The Dispute Over the Color Separation Films

With ERB and Watson-Guptill both facing substantial losses, a dispute arose between them over Watson-Guptill's refusal to provide ERB with a set of color separation films for the 1972 Book. ERB hoped to provide these films to foreign publishers to facilitate overseas publication. Hodes insisted that Watson-Guptill was contractually bound to provide ERB with a free set of these films. Watson-Guptill disagreed. With

the two parties at an impasse, both refused to go forward with the next book.

In August 1974, Hogarth wrote Hodes a long letter describing his disillusionment over the course of events. He indicated his frustration with the dispute between ERB and Watson-Guptill:

> In the friction between ERB and W-G I tried in every way to stay neutral, to smooth things out. . . . All I could do was sit tight and wait for a disagreement to simmer down so that I could get some straight cooperative agreement and contract going. . . . Under the circumstances I am more than a standby participant in the project; not only am I creating the material and putting the basis for the relationship in a single frame, I have the most to lose; and no voice in the deteriorating events.

(Emphasis supplied). Hogarth also spoke of the personal sacrifices his participation in the book project entailed, including flying to Paris to meet Hodes in early 1973, to work on the draft of the 1976 Book and paying one-half of his expenses for the trip:

> As you know, Bob, from the inception of your plans for the Tarzan books I was to create, I never made any inordinate demands at any time. I lent my cooperation in every way to make this a viable undertaking. . . . At no time was there any thought that I might have incurred expenses while working or while promoting

> the books in the U.S. and elsewhere, nor did I raise any question about them. . . . In February of 1973, when you were tight for time to come to the U.S. . . . , I made the effort at your suggestion . . . to come to Paris . . . So I spent time and paid half the expenses on a project that was not my responsibility to produce.

(Emphasis added). Referring to the possibility of a new contract between ERB and Watson-Guptill for the publication of the 1976 Book, Hogarth also stated that "if a contract is worked out with W-G, I'd like full participation in the negotiation as an equal, and a full disclosure of the results, in hand."

In 1975, when a German publisher seemed ready to publish the 1972 Book if it had the films, Hogarth stepped in to resolve the dispute between ERB and Watson-Guptill by offering to pay for the color separation films himself. Watson-Guptill then agreed to supply a set of the films to ERB and charged the $ 4,000 cost against Hogarth's royalty accounts for other (non-Tarzan) books. By 1976, Hogarth had become so disillusioned with Hodes that he warned the editor of a French publishing house to make sure that any contract terms negotiated with Hodes were spelled out clearly. Following Hodes's departure from ERB in 1976, ERB reimbursed Hogarth for half the amount of the cost of the films and provided him with certain other benefits.

The Preparation, Publication and Sale of the 1976 Book

Work began on the 1976 Book in late 1972, and was completed sometime in 1974 or 1975. Reflecting the

participants' dim view of the prospects for commercial success, instead of a full color hard cover book, the 1976 Book was a black and white soft cover book. Hodes was, in his words, "in despair" over the decision to publish in black and white. The record is not as well developed concerning the preparation of the 1976 Book, but correspondence of the time between Hogarth and Hodes suggests that the two did not work as closely on it as they had on the 1972 Book.

Hodes wrote to Hogarth in August of 1972, to inform him that Jules Perel wanted work to begin on the second book immediately. Hodes also proposed the story on which the second book would be based:

> Our original plan was to complete Apes in book # 2. I am having second thoughts about that because it takes Tarzan out of the jungle (and thus out of your own milieu). Enclosed is a copy of Jungle Tales of Tarzan--read it and see if you see any possibility of using it for # 2.

On January 2, 1973, Hogarth wrote to Hodes that he had begun work on the script of the second book:

> I've taken the bull by the horns, and have proceeded on the caption breakdown of the Jungle Tales as our next work. I must say that I've wanted to confer with you a number of times to get your opinion on several things. . . . At this writing the Burroughs text is overlong; I've had to eliminate a number of stories to get a tighter book with the limits of the last

> number of pages. I am on the last pages of the complete adaptation, and I think it reads well. But I need your advice and counsel, as well as your objective opinion on your own terms for the book, without being swayed by what I have done.

Later that month, Hogarth sent Hodes his script adaptation. The record contains no further correspondence between Hogarth and Hodes on the preparation of the 1976 Book.

The cover page of the 1976 Book consists of text set upon a montage of distinctive Hogarth Tarzan imagery, including two small images of Tarzan in motion, an image of the elephant Tantur, and a larger image of Tarzan in which he is made to appear both resolute and brooding. "Edgar Rice Burroughs" appears in small type below the title and "By Burne Hogarth" appears in slightly larger type midway along the right side of the page above the phrase "All New!" The title page consists of the title, "By Burne Hogarth," and "Original text by Edgar Rice Burroughs adapted by Burne Hogarth and Robert M. Hodes." The copyright notice on the next page states "Copyright (c) 1976 by Edgar Rice Burroughs, Inc." The copyright page also contains a dedication to Hogarth's mother. In the Acknowledgments, Hogarth thanks "Robert M. Hodes, Vice President of Edgar Rice Burroughs, Inc., who first suggested the book venture, aided in the adaptations, and energetically created a network of multilingual, international co-productions." The 35-page introduction by Professor Walter James Miller of New York University is entitled "Burne Hogarth and the Art of Pictorial Fiction."

Like the 1972 Book, the 1976 Book was a commercial failure. ERB never received any accounting from Watson-Guptill of the book's sales, which, at any rate, appear to have been so slow that the book was remaindered nearly simultaneously with its release. In April 1978, ERB notified Watson-Guptill that its publication rights were terminated for breach of contract. ERB eventually decided that the legal costs of filing suit seeking an audit of Watson-Guptill would outweigh the potential recovery, if any, that might result from the action.

The Original Copyright Registrations of the Books

Paragraph 4A of the 1972 Agreement between ERB and Watson-Guptill states that "we [Watson-Guptill] shall apply for copyright in your [ERB's] name in the United States, and you shall apply for renewals and extensions of this copyright." Pursuant to this provision, an employee of Watson-Guptill, one Claire Hardiman ("Hardiman"), filled out a copyright registration application for the 1972 Book, dated June 12, 1973, which the Copyright Office received on June 15, 1973. Hardiman listed "Edgar Rice Burroughs, Inc." as the copyright "claimant" or "owner." Under the heading "Authors," the application instructed that "where a work was made for hire, the employer is the author." Hardiman listed "Edgar Rice Burroughs (deceased)" and "(illustrated) by Burne Hogarth" as authors. Under the "New Matter in This Version" heading, Hardiman wrote that "this book is Burne Hogarth's pictorial version of Edgar Rice Burroughs' novel." The Copyright Office issued a registration Certificate which repeated Hardiman's information

verbatim and carried Copyright Registration Number A 442848.

On October 6, 1976, one Donna Wilkinson ("Wilkinson"), also an employee of Watson-Guptill, filled out a copyright registration application for the 1976 Book, which the Copyright Office received on October 8, 1976. Wilkinson listed "Edgard [sic] Rice Burroughs, Inc." as the copyright claimant or owner and "Burne Hogarth" as the author. Wilkinson left the new matter section blank. As before, the Copyright Office issued a registration Certificate which repeated Wilkinson's information verbatim, including the misspelling of Edgar, and carried Copyright Registration Number A 789026. ERB received copies of the original registrations in the 1970s.

Marion Burroughs Takes the Helm at ERB

ERB's Board dismissed Hodes on August 20, 1976. Eventually, Marion Burroughs, the wife of Burroughs's son Hulbert Burroughs, took command of ERB's operations. While ERB and Hogarth never completed another project together, under Marion Burroughs's competent leadership, a degree of trust and normalcy returned to ERB's commercial ventures, including its relationship with Hogarth. When disagreements did arise, Marion Burroughs invariably responded with a grace and clarity that permitted the relationship with Hogarth to survive on good terms. Several of the episodes during her tenure yield evidence about what ERB and Hogarth understood their rights regarding the Books to be and the terms on which they would engage in any commercial venture.

1977 Special Edition Project

In 1977, Hogarth agreed to create ten illustrations for another ERB project -- a Special Edition of "Tarzan of the Apes" ("Special Edition") to be produced by Richard Pryor ("Pryor") of Nostaligia Enterprises. ERB proposed the creation of 1,000 leather bound volumes and 2,000 cloth bound volumes, and Hogarth enthusiastically added the suggestion that they be accompanied by leather slipcases bearing a bronze medallion he would design. When Hogarth received a draft contract for the project from Pryor, he objected immediately to the contract term "man for hire" on the ground that the tax laws required it to be clear that he was an "independent, self-employed professional." He suggested terms like "Art Director" instead.

As it turned out, ERB's attorney Michael Sherman ("Sherman") had drafted the contract Nostalgia had presented to Hogarth and in that contract described Hogarth as an "employee for hire" of Nostalgia. Sherman anticipated that ERB would hold the copyright in the Special Edition and that Pryor would assign the copyright in Hogarth's artwork to ERB upon its creation. When Hogarth came to understand that the language was linked to copyright issues he became angry. According to Hogarth, his attorney labeled the contract "one of the worst he has ever seen." To Hogarth its terms implied that his contributions to the Special Edition were "mean and immaterial." (Emphasis in original). He proposed a joint copyright with ERB in the artwork for the Special Edition. Marion Burroughs explained to Hogarth her understanding, based on her conversations with her copyright counsel Alan Latman, of the need for ERB to hold the copyright in its name,

including the danger that "copyrights and their renewals have the habit of outliving their authors." She emphasized her friendship with and high regard for Hogarth, but told him firmly in her letter of May 25, 1977, that the "only terms" ERB could offer Hogarth were the terms it demanded in all of its projects, that the copyright belong exclusively to ERB.

The contract between ERB and Pryor for this project provided that each copy in the Special Edition would include a notice that the copyright was held by ERB and that Pryor was granted a license solely to publish and sell the Special Edition. Paragraph 4 addressed Hogarth's contribution and read in pertinent part as follows:

> We understand that you intend to engage an artist to create new illustrative artwork (the "Artwork") for the Edition at your sole cost and expense. Such artist shall be your employee-for-hire and the copyright in the Artwork (and all renewals or extensions of copyright now or hereafter provided) shall be our sole and exclusive property free and clear of any interests of such artist or any other party; provided, however, that you may agree with the artist that the artist shall have the limited rights to sell the original of the Artwork and to exhibit it in art galleries and museums, and the like, but no other rights whatsoever. Upon creation of the Artwork you shall assign to us the copyright thereto (and all renewal and extensions of the copyright now or hereafter provided) and all rights therein (subject to

> the rights permitted to be granted to the artist as set forth above) including, but not limited to, all rights to sell, exploit and distribute reproductions of the Artwork for any purpose (e.g. trade, merchandising, advertising and promotion); provided, however, that we shall not exploit the Artwork for any commercial tie-up or merchandising item without your prior consent in each instance.

(Emphasis supplied).

The contract between Pryor and Hogarth provided that Nostalgia Enterprises would employ Hogarth to create ten works of art to illustrate portions of a limited edition of "Tarzan of the Apes" that were "mutually" agreed upon in return for $ 10,000. Nostalgia was to publish the limited edition pursuant to a license from ERB. The costs and expense of maintaining Hogarth's studio would be born by Hogarth and he was required to certify that the art had been created while he was an employee for Nostalgia and that Nostalgia was the author. The contract specified that the copyright for the eight of the ten originals that Hogarth was permitted to retain belonged to ERB and that a notice to that effect had to be attached to each of them, and that no reproductions or copies could be made by Hogarth or any purchaser without permission from ERB. ERB had a right of first refusal in the event Hogarth sold the art.

Hogarth's objections to the contract centered on two paragraphs:

4(c) Each of the Works shall be wholly original with you and shall not be copied in whole or in part from any other work of any nature or medium whatsoever (except the portions of the Novel that are illustrated by the Work in question), nor shall any part of the Work be in the public domain throughout the world nor infringe upon any right of any third party of any nature whatsoever.

5. All rights of every kind and character whatsoever, whether now known or hereafter devised, and the complete, unconditional and unencumbered title exclusively and perpetually in and to each of the works (including, but not limited to, all sketches, drawings, layouts, designs, reproductions, and all other version(s) thereof) shall belong to us including, but not limited to, the universal copyright(s) (including any common law copyright and all renewals, extension or reversions of any copyright now or hereafter provided), the right to sell, lend, exhibit, use, publish, copy, reproduce and exploit each of the Works by any means or medium of any nature whatsoever whether now known or hereafter devised, and the right to license others to do any of the foregoing. You acknowledge and agree that you are acting solely and entirely as our employee-for-hire under this Agreement and that each of the Works shall be a "work-for-hire" within the meaning of the United States Copyright

> Law now or hereafter in effect and that we shall be the "author-in-law" of each of the Works as provided in such Law. You further acknowledge that we intend to assign to Burroughs all of our right, title and interest in each of the Works as set forth above upon creation thereof and that Burroughs shall be entitled to the benefit of all of our rights hereunder free and clear of any obligation or liability to you except as provided [below].

(Emphasis supplied).

Hogarth was particularly insulted by the clause requiring that each work he created be "wholly original" with him and not copied from other works. He asked: What would an "attorney or paper pusher know about creating a piece of art?" Hogarth construed the clause as one intended to get him to quit the project.

The other clause that Hogarth apparently discussed in detail with his own attorney gave ERB "rights of every kind and character" and "unconditional title" to "each of the Works," including "all sketches, drawings, layouts, designs, reproductions, and all other version(s) therof." (Emphasis as given by Hogarth). Hogarth felt this clause had been devised "to get into my head, my studio, my cabinets, my future, [and] my estate." Hogarth could not understand why ERB needed a right to his "unpublished drawings, layouts, sketches, etc." (Same). He objected to a "surrender of my right to my drawings, and all the generation of sketches." (Same). In his view, those preliminary designs were "not subject to" ERB's copyright at all. (Same). Viewing the contract as requiring a "complete surrender" and not

being "desperate for the money," Hogarth decided to reject the project.

Discussions Regarding the Books Following 1976

For a few years following the publication of the 1976 Book, Hogarth and ERB had occasion to discuss either the Books themselves or the original art from the Books. For example, in 1976, Hogarth advised a person interested in publishing Tarzan material that the rights were not his to license and referred him to ERB. He observed that "I share equally with Burroughs on all recent work we have done together. But they are the channel through which authorization proceeds." In 1977, when a publisher who had used Hogarth's drawings from the Books without ERB's permission referred to correspondence with Hogarth, ERB wrote: "Mr. Hogarth is, of course, the artist and our friend. He is not, however, the owner of the copyright on the drawings you used." ERB demanded a $ 2,000 payment from the publisher. Hogarth assured Marion Burroughs that he "would never have given anyone authorization to print anything of ERB, Inc. under my permission. That is stupid, on the face of it." (Emphasis in original). On another occasion in 1977, Hogarth promptly forwarded an inquiry regarding the rights to animate the Books to ERB. In 1981, when Hogarth and ERB discussed publishing some of the drawings from the 1976 Book, both acted as if it were ERB's decision alone whether to exploit the 1976 Book "piecemeal" or not. Finally, before Hogarth used drawings from the 1976 Book in one of his art instruction books, he offered to pay ERB for the right -- an offer that was graciously declined -- and agreed in writing to incorporate ERB's copyright notice in his book.

Original Art

At the very end of the correspondence between Hogarth and ERB, they discuss the original art for the 1976 Book that Hogarth retained. In November 1972, Hogarth's attorney Schneck and Hodes had agreed that the original art from the 1972 Book would belong to ERB "for inclusion in its museum," that the original art for the 1976 Book would belong to Hogarth, that Hogarth would insure all of the original art, since it was in his possession, and that ERB would pay one-half of the cost of the insurance. Pursuant to that agreement, in 1974, Hogarth gave the original art for the 1972 Book to Danton Burroughs. Hodes and Danton acknowledged at the same time that the original art for the 1976 Book belonged to Hogarth.

In 1980, a prospective buyer approached Hogarth and indicated an interest in buying the original art from the Books that Hogarth held. Hogarth promptly contacted Marion Burroughs. She advised Hogarth that ERB might desire to exercise its contractual right of first refusal, a right incorporated in the 1970 Agreement, but in the event Hogarth sold the art to someone else, that it could not be publicly displayed without a copyright notice, or reproduced or copied without written authorization from ERB. Hogarth acknowledged, without any reservation, ERB's copyright ownership in the original art. He wrote to Marion Burroughs on April 20, 1980: "As to your wishes regarding ERB's unquestioned copyright ownership, and residual authorization practice, this will be properly conveyed to any buyer."

1979 Correction of Copyright for the 1976 Book

Having received a copy of the original copyright registration for the 1976 Book in late 1978, on February 20, 1979, Marion Burroughs submitted a Certificate of Supplementary Copyright Registration for the 1976 Book. Marion requested that the Copyright Office correct the spelling of "Edgar" and "add name of Edgar Rice Burroughs as author of original text. Citizenship: USA (deceased)." The Copyright Office updated the registration accordingly.

The 1994 License Agreement between ERB and Disney

In July 1993, over a decade after the events just described, Disney contacted ERB to inquire about the availability of the Tarzan character for animated motion pictures and television programs. In her notes to the first meeting between Disney and ERB, ERB's President Sandra Galfas recorded that a Disney representative expressed enthusiasm for "the strength of the Tarzan and Jane story as a romance and as a primal myth" and suggested that the Tarzan story lent "itself well to developing a series of projects that would firmly establish a franchise in the character." After lengthy negotiations, ERB and Disney entered into three agreements, dated as of April 1, 1994: an Option, a Rights Agreement, and a Merchandising and Publishing Agreement (collectively, the "Disney License"). Unlike the 1970 Agreement, the Disney License is a highly-sophisticated contract and the history of the negotiations that led to its execution is well-documented.

Paragraph 1(a) of the Rights Agreement defines the subject matter of the Disney License as consisting of

> the Burroughs trademark TARZAN ("Trademark"), and . . . the characters, plots, settings, themes, and incidents contained in or suggested by all or any portion of the stories (individually referred to as the "Story" and collectively referred to as the "Stories") written by Edgar Rice Burroughs, schedules of which are attached hereto as Exhibit "A" and Exhibit "B." For purposes of this Agreement, the Trademark and Stories are collectively referred to as the "Property."

Exhibits A and B to the Rights Agreement list the twenty-five Tarzan novels written by Burroughs for which U.S. or Berne Convention copyright protection existed at the time of the agreement in 1994. Paragraph 14(b)(ii) of the Rights Agreement also serves to define the "Stories" being licensed. There, ERB warrants "that the Stories are original with Edgar Rice Burroughs; that neither the Stories nor any part hereof are taken from or based upon any other material or any motion picture." The Rights Agreement also accounts for motion picture and television programs involving the Tarzan character that ERB has or may license. In paragraph 14(b)(vi) of the Rights Agreement, ERB warrants

> that the motion picture and television programs set forth in Exhibit "C [sic] attached hereto, all based in whole or in part on the Property, have been heretofore produced, in which productions, Disney acknowledges there exists a continuing right to exploit, but aside from the

> productions specified in Exhibit "C" and the productions that may be produced pursuant to the agreements in Exhibit "D" attached hereto, no other theatrical or television motion pictures or television programs have been produced or authorized by or with the knowledge or consent of Burroughs.

Exhibit C consists of three schedules which together list a total of 215 motion picture or television programs involving the Tarzan character. Exhibit D consists of one schedule listing two agreements. The 1972 and 1976 Books are not listed in Exhibits A or C, nor are they listed in the schedules of Exhibits C and D.

Certain other provisions of the Disney License are significant for purposes of the instant case. The credit provision of the Rights Agreement provides that Disney will use the following form in crediting Burroughs:

> (i) "based on the Story '[name of Story or Stories]' by Edgar Rice Burroughs", if the motion picture or television program is based upon a Story or Stories, and
> (ii) "Based on the 'TARZAN' stories created by Edgar Rice Burroughs," if the motion picture or television program is not based upon a Story or Stories but is based upon the character TARZAN . . . .

The advertising provision of the Rights Agreement grants Disney the right to use a limited number of "words from any single Story" in its advertising for a "Tarzan" motion picture or television program. Neither

the credits nor the advertising provisions reference artwork.

Paragraph 10(b) consists of a "blackout clause" by which ERB agreed not to allow any licensee of live action motion picture rights in the Tarzan stories, with the exception of one previously licensed licensee, to release its movie during a period extending from one year before to one year after the release date of the Disney Movie.

In paragraph 14(b)(ix) of the Rights Agreement, ERB warrants that it knows of no authorized stories involving the Tarzan character other than those listed in Exhibits A and B and that none of the comic book licenses include motion picture rights:

> (ix) (A) That, except as set forth in Exhibits "A" and "B," and except as set forth in subparagraph (B) below, to the best of Burroughs' knowledge, there are no other stories authorized by Burroughs or its predecessors in interest in which the TARZAN character appears. If there are any other Stories in which Burroughs has an interest, such stories shall be deemed Stories hereunder to the extent of Burroughs' rights therein, if any.
>
> (B) Burroughs has, over the years licensed various comic book publishers to prepare, create and publish comic books based upon the Property. The current license with respect to comic book rights is Dark Horse. All of such licensees (including

> Dark Horse) have been authorized by Burroughs to prepare stories for use in connection with the exploitation of the licensed comic book rights. None of the comic book licenses, including Dark Horse, have the motion picture or television rights in the stories created for the comic books.

During the drafting of the Disney License, Disney sought various changes in the contract's language to broaden its scope. Specifically, by letter dated April 20, 1994, Disney requested that ERB expressly add the "right to create artwork" to the "enumerated rights" listed in the Rights Agreement as well as to the "Rights During Option Period" section of the Option. ERB agreed to this request. By the same letter, Disney also requested that ERB amend paragraph 1(b)(viii) of the "Grant of Rights" section of the Rights Agreement "to rants [sic] all other gihts [sic] with respect to the property not expressly reserved to Burroughs." ERB did not accede to this request. In the executed agreement, paragraph 1(b)(viii) provides that ERB grants "such other rights with respect to the Property as are hereinafter set forth."

The Production of the Movie

Several times through the course of negotiations, production and promotion of the Movie, Disney employees visited ERB's offices in Tarzana, California for the purpose of inspecting ERB's extensive archive of Tarzan-related materials, which included the Books. The record does not indicate whether any Disney employees viewed the Books specifically. ERB employees also gave Disney employees various Tarzan

materials as personal gifts and promotional inducements. Among these were sets and individual copies of the original Tarzan novels, a copy of the 1974 comic book "The Return of Tarzan" illustrated by Joe Kubert, a copy of Hal Foster's version of 1929 "Tarzan of the Apes," copies of the "Tarzan Encyclopedia," a copy of the three-volume "Edgar Rice Burroughs Library of Illustration" by Russ Cochran, and copies of the television documentaries "Tarzan: the Legacy of Edgar Rice Burroughs" and "Investigating Tarzan." Of these materials, only the television documentaries included Hogarth images from the Books. n2

Disney also prepared an electronic press kit for the Movie which included various reproductions from the history of Tarzan illustration. Among these were three illustrations by Burne Hogarth, none of which was taken from the Books. Disney wrote to ERB for permission to use these materials, which ERB granted. To date, Disney has paid ERB $ 15 million.

The Origins of This Litigation

On September 14, 1999, two months after the official release of the Movie, Barbara Hoffman ("Hoffman"), counsel at the time to the Hogarth Estate, sent a cease and desist letter to Disney. In essence, Hoffman asserted a claim of copyright infringement based on Disney's access to Hogarth's work, including the Books, and the Movie's "substantial copying" of that work. Her letter did not identify, however, the basis for the claim that Hogarth or his heirs held the copyright in the Books or in any of Hogarth's Tarzan work. Disney responded forcefully that Hoffman's allegations were baseless, as did ERB. This litigation ensued.

Conclusions of Law

Plaintiffs assert three independent claims: a copyright claim and two breach of contract claims. First, plaintiffs argue that Hogarth was the sole "author" of the Books under the 1909 Copyright Act, *17 U.S.C. § 24*, et seq. (1976) (repealed) ("1909 Act"), and that, as his heirs, they alone are entitled to the renewal copyright terms in the Books. Second, plaintiffs assert that they are entitled to a share of the proceeds of the Disney License under paragraph 3(c) of the 1970 Agreement. Third, plaintiffs assert that ERB breached paragraph 7 of the 1970 Agreement by retaining possession of the original artwork for the 1972 Book but failing to establish a museum for its display. Each of these claims is considered in turn.

I. The Copyright Claim

As established in the United States Constitution, the primary objective of copyright law is "to promote the Progress of Science and useful Arts," and to do so "by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art I, § 8, cl. 8. Although there are a variety of conceivable justifications for copyright protection, see generally Edwin Hettinger, Justifying Intellectual Property, 18 Phil. & Pub. Aff. 31 (1989), the incentive scheme set forth in the Copyright Clause is essentially economic in nature. "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance the public welfare through the talents of authors and

inventors in "'Science and useful Arts.'" *Mazer v. Stein, 347 U.S. 201, 219, 98 L. Ed. 630, 74 S. Ct. 460 (1954).*

In sum, the Copyright Clause grants limited property rights to authors "as a financial incentive to create," *Attia v. Society of the New York Hosp., 201 F.3d 50, 54 (2d Cir. 1999),* all with a view to promoting the "general good." Id.

At issue in this case is the question of who, between ERB and Hogarth, is the "author" of the Books and by that status entitled to the financial rewards, if any, from control of the copyright. If this were simply a matter of determining who created the illustrations in the Books, then this case would likely never have been brought. What is required here, however, is a more complicated analysis, one which begins with the distinction between the meaning of the term "author" in its common dictionary sense and the meaning of the term "author" as a legal conclusion in copyright law. ERB does not deny that Hogarth is the author of the illustrations in the Books in the common dictionary sense, i.e., in the sense that he is their creator or source. ERB does deny, however, that Hogarth is the author of the Books in the legal sense, i.e., in the sense that Hogarth is the person in whom the statutory copyright in the Books initially vested and to whose heirs the renewal term of the copyright reverted when he died before commencement of that term.

Typically, the author in the common dictionary sense is also the author for purposes of copyright law. Here, however, ERB argues that because it made the initial effort to hire Hogarth to author the works, paid him to do so, bore the expenses for the project, and had

control over the final product, it is the "author" of the Books for purposes of copyright law. In essence, ERB claims that the Books were "works for hire" and that it is therefore entitled to the financial rewards copyright law traditionally grants to encourage such efforts.

A. The Copyright Registration Certificates

The starting point for any analysis of this issue is the copyright registrations for the Books. It is well settled that a certificate of registration "constitute(s) prima facie evidence of the validity of the copyright and of the facts stated in the certificate." *17 U.S.C. § 410*(c) (Copyright Act of 1976); cf. *Novelty Textile Mills, Inc. v. Joan Fabrics Corp., 558 F.2d 1090, 1092 n.1 (2d Cir. 1977)* (certificate given same effect under 1909 Copyright Act). Nonetheless, "a certificate of registration creates no irrebuttable presumption of copyright validity. Extending a presumption of validity to a certificate of copyright merely orders the burdens of proof." *Carol Barnhart, Inc. v. Econ. Cover Corp., 773 F.2d 411, 414 (2d Cir. 1985)* (citations omitted). Furthermore, "where other evidence in the record casts doubt on the question, validity will not be assumed." *Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905, 908 (2d Cir. 1980).* n3

Here, there is extensive evidence that the registrations are not reliable. Although the registrations for the Books identify Hogarth as an "author" of the 1972 Book and as the "author" of the 1976 Book, the registration for the 1972 Book fails to identify Hodes as an author of the text adaptation while the registration for the 1976 Book makes no mention of Burroughs's authorship of the original story. The

registration for the 1976 Book also leaves the "New Matter in This Version" section blank despite the fact that a substantial part of the 1976 Book had been previously published in the 1910s under the title "Jungle Tales of Tarzan." Moreover, as discussed below, ERB has shown through a preponderance of the evidence that the Books were made at its instance and expense, qualifying them as works for hire and making ERB their legal author. For all of these reasons, the listing of Hogarth as the "author" of the Books in these registrations should be understood to indicate nothing more than the common dictionary sense of the word. This is the same sense in which Hogarth was described as an author in the comic strip registrations, even though all agree he was, as a legal matter, an employee for hire when he drew them.

B. The Work for Hire Status of the Books

Because the Books were published prior to January 1, 1978, the effective date of the Copyright Act of 1976, the 1909 Act governs the question of whether the Books are works for hire. See *Playboy Enter., Inc. v. Dumas, 53 F.3d 549, 553 (2d Cir. 1995).* Under the 1909 Act, the word "author" includes "an employer in the case of works made for hire." *17 U.S.C. § 26* (1909). "Under this definition, an 'employer' who hires another to create a copyrightable work is the 'author' of the work for purposes of the statute, absent an agreement to the contrary." *Playboy, 53 F.3d at 554.* The 1909 Act did not, however, define the terms "employer" or "works made for hire." Id. In the Second Circuit, "an independent contractor is an 'employee' and a hiring party is an 'employer' for purposes of the statute if the

work is made at the hiring party's instance and expense." Id. (emphasis supplied).

The "instance and expense" test is met when the "motivating factor in producing the work was the employer who induced the creation." Id. (citation omitted). Where an independent contractor would not have created the work but for the hiring party's assignment to do so, then the work is made at the hiring party's "instance." *Id. 53 F.3d at 556.* Further, "an essential element of the employer-employee relationship, is the right of the employer to direct and supervise the manner in which the [artist] performs his work." *Id. 53 F.3d at 554* (citation omitted). If the hiring party "took the initiative in engaging [the artist]" and "had the power to accept, reject, or modify her work," then the work is a work for hire. *Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1217 (2d Cir. 1972).*

All of this is consistent with the underlying purpose of copyright law. In the work for hire context, the law directs its incentives towards the person who initiates, funds and guides the creative activity, namely, the employer, but for whose patronage the creative work would never have been made. Copyright law "is intended to motivate the creative activity of authors . . . by the provision of a special reward," *Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 429, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984),* and for this reason it grants the rewards of authorship to the employer "when the motivating factor in producing the work is the employer who induced the creation." *Siegel v. Nat. Periodical Publications, Inc., 508 F.2d 909, 914 (2d Cir. 1974)* (citation omitted).

1. Instance

Hogarth's desire to return to Tarzan after a twenty-year hiatus and his willingness to experiment with new formats undeniably led to the production of the Books. Nonetheless, his early contacts with Hodes were not sufficiently definite to support the proposition that the Books were produced at Hogarth's "instance." Not every solicitation requesting an opportunity to perform work constitutes an instancing. See *Niss v. Columbia Pictures Indus. Inc., 2000 U.S. Dist. LEXIS 18328, 57 U.S.P.Q.2d 1346, 1353-55 (S.D.N.Y. 2000)* (screenplay which was not fully developed prior to employment was work for hire); *In re Marvel Ent'mt Group, 254 B.R. 817, No. 97 Civ. 638 (RRM), 2000 WL 1677764*, at *14 (D. Del. 2000) (comic book characters were not sufficiently developed before employment to preclude work for hire).

For purposes of the instance and expense test, the book project was first "instanced" by Hodes in his July 1970 letters, which predicted all of the principal terms for the production of the 1972 and 1976 Books. In his reply, Hogarth called Hodes's proposal a "capital idea," and, in the Acknowledgments section of the 1976 Book, thanked Hodes for "first suggesting the book venture." Even more significantly, it is beyond cavil that Hogarth would not have undertaken production of artwork for the Books, let alone brought the Books to publication, without receiving the assignment from ERB to do so. He always recognized that ERB controlled completely the rights to Tarzan and the Tarzan stories.

Finally, the evidence that survives shows that Hodes closely supervised the creation of both Books.

He heavily revised the script for the 1972 Book, changed the set of stories to be illustrated in the 1976 Book, and occasionally even made suggestions to Hogarth about the subjects for and dimensions of his drawings. The contracts with Hogarth and with Watson-Guptill reserved to ERB ultimate control over the Books and it exercised that control. The fact that Hogarth, a master illustrator with extensive prior experience working on the subject of Tarzan, was treated with deference and respect in the execution of the art is not sufficient to undercut the strong evidence that the Books were made at ERB's instance. Although the fact that Hogarth was an independent contractor rather than an employee may establish a higher standard for finding that ERB instanced the Books, the finding is nevertheless particularly appropriate where, as here, the work being commissioned is derivative of a pre-existing work whose copyright is owned by the commissioning party. Cf. 3 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 9.03(D) (2001).

2. Expense

Although the issue of at whose expense the Books were created is a closer call than the issue of at whose instance they were created, ERB has nevertheless shown that the Books were produced at its expense: ERB's non-refundable advance against royalties to Hogarth of $ 5,000, the $ 5,000 cap on its deduction from royalties for its expenses in addition to the Hogarth advance, the salaried work of its executive Hodes, its obligation to procure domestic and foreign publishers and negotiate the terms of the publishing contracts (contracts executed by ERB and not Hogarth), and its full assumption of the risk of loss on the project.

Hogarth's royalty participation and his work on the Books in his home studio with his own materials do not require a contrary result. "Where the creator of a work receives royalties as payment, that method of payment weighs against finding a work-for-hire relationship." *Playboy, 53 F.3d at 555.* "The absence of a fixed salary, however, is never conclusive." *Picture Music, 457 F.2d at 1216.* Where, as here, the creator receives both a fixed sum and royalties, the fact that the creator received a fixed sum is sufficient to meet the requirement that the works be made at the employer's expense. See id. (finding work for hire when only payment was in royalties). As to the circumstances of Hogarth's production of the artwork for the Books in his home studio, that factor goes only to the question of whether "an artist worked as an independent contractor and not as a formal employee." *Playboy, 53 F.3d at 555.* It has "no bearing on whether the work was made at the hiring party's expense." Id.

Plaintiffs argue that Hogarth paid "half" of ERB's expenses in connection with the production and sale of the Books. This calculation is based on an interpretation of the "net monies" provisions of the 1970 Agreement, which allowed ERB to deduct not only the payment of $ 5,000 to Hogarth, but also an additional $ 5,000 in expenses before it was required to pay royalties to Hogarth. To the extent that plaintiffs have accurately described this provision of the contract at all, their description is only accurate as to the first $ 10,000 in ERB's expenses. After that amount, ERB bore all of the its own expenses without any contribution from Hogarth.

Plaintiffs also argue that because Hogarth paid half of the cost of his trip to Paris, half of the cost of the production of the color separation films, and half of the cost of the insurance on the original artwork for the 1972 Book, the Books were produced at least in part at his expense. Hogarth, however, was never contractually bound to pay any of these costs and may in any event have been reimbursed for more than half of the cost for the color separation films. Hogarth decided to pay for the color separation films for the 1972 Book, and to travel to Paris to obtain Hodes's revisions and approval for a draft of the 1976 Book, to speed along each project. Since the 1970 Agreement gave Hogarth title to half of the original art, his payment of half of the insurance for the art is an understandable collateral arrangement. Research has uncovered no case under the 1909 Act in which an artist has managed unilaterally to disrupt a work for hire arrangement by paying certain costs of the project that he was not contractually bound to pay. Such a result is certainly not warranted here, where Hogarth's contributions to cover expenses were minimal compared to ERB's.

3. Rebuttal Evidence

Since the Books were produced at the instance and expense of ERB, there is a presumption that the Books were works for hire. *Playboy, 53 F.3d at 556.* This presumption may be overcome, however, by evidence of a written or oral agreement to the contrary. *Id. 53 F.3d at 554.* The independent contractor has the burden of proving that such an agreement existed. Id.

Plaintiffs claim that Hogarth was the "sole author" of the Books and that his death prior to the commencement of the copyright renewal terms for the Books means that his prior assignment of the renewal terms to ERB failed to vest. They point to the lengthy introductions in each of the Books praising Hogarth's artistry and the dedication of the Books to Hogarth's parents. These facts shed little light on the identity of the legal author of the Books. They do underscore not only Hogarth's enormous contribution to the Books, but also that ERB and Hogarth each hoped to benefit from emphasizing to the public that these Books were the occasion for reuniting Hogarth's art with Tarzan. The combination of a well-known artist and famous story, however, does not by itself demonstrate an agreement that the work is not one made for hire.

The plaintiffs next assert that the 1970 Agreement precludes ERB "as a matter of law" from asserting that Hogarth was an employee for hire. Specifically, plaintiffs argue that the 1970 Agreement contains none of the traditional indicia of a work for hire contract, e.g., phrases such as "we hereby employ and engage you," see *Muller v. Walt Disney Prods., 871 F. Supp. 678, 680 (S.D.N.Y. 1994).* Yet the 1970 Agreement does contain comparable indicia. For example, ERB agreed in paragraph five of the agreement that it would not "employ anybody else to create [the Books], provided you are prepared to create them." In paragraph three, ERB agrees to compensate Hogarth "for all of your services." Similarly, in his October 1970 letter to Watson-Guptill, Hodes writes that ERB "undertake[s] to provide the services of Burne Hogarth." Finally, in Hodes's July 16, 1970 letter to Hogarth, ERB's intent is made clear. Hodes writes that "we [ERB] would

commission you to produce the work." (Emphasis supplied).

Arguing about the degree of control ERB had over Hogarth's efforts, the parties dispute the meaning of paragraph 2 of the 1970 Agreement, repeated here:

> We will have the right to approve the content of the books, but our sole interest in this regard will be to preserve the Burroughs 'flavor.' We may give you our artistic suggestions from time to time, but you will be the final judge of the artwork as distinguished from the story or text.

During the production of the Books in the 1970s, Hogarth and ERB never had cause to question the meaning of this paragraph. The import of the paragraph, as of Hodes's July 1970 letters to Hogarth, is that Hogarth's artistic decisions would be accorded great deference, but that ERB reserved the right ultimately to approve the "content of the books." In practice, Hodes exercised that control. He consistently reviewed and edited Hogarth's work, and Hogarth actively solicited Hodes's ideas and approval. Neither Book would have been published without Hodes's approval.

In this connection, plaintiffs set great store in *Schmid Bros. v. W. Goebel Porzellanfabrik KG, 589 F. Supp. 497 (E.D.N.Y. 1985).* There, the Honorable Eugene H. Nickerson held that Sister Hummel was a joint author of her porcelain figurines. *Id. at 501.* In making this determination, Judge Nickerson wrote:

> the licensing agreements . . . gave [Sister Hummel] full artistic control over the line to bear her name. She had the final say as to which of the works would be reproduced and how faithfully. Moreover, she in fact exercised that control.

Id. at 503. In the instant case, however, Hogarth did not have the "final say" as to which works would be reproduced nor did he exercise that control. In fact, Hodes chose the stories that Hogarth would illustrate, he gave guidance regarding the size and subject of panels, and Hogarth submitted all that he did to Hodes for approval. Furthermore, because ERB owned the copyright in the underlying Tarzan stories as well as rights to the Tarzan trademark, neither party questioned that ERB had ultimate control over Hogarth's work. See *Picture Music, 457 F.2d at 1216* ("Since Disney had control of the original song on which Miss Ronell's work was based, Disney . . . at all times had the right to direct and supervise Miss Ronell's work.").

ERB's position as the final arbiter is also supported by the fact that the 1970 Agreement grants ERB the copyright in Hogarth's work but makes no guarantee that it will publish the work regardless of the acceptability of the final product. This conclusion is reinforced by the 1972 Agreement -- which Hogarth kept in his files even though he was not a signatory -- which also grants an "absolute right to approve the text and artwork" to ERB without any mention of Hogarth. When disputes arose between Watson-Guptill and ERB which threatened the publication of the 1976 Book, Hogarth could do little more than, as he put it, "sit tight

and wait for a disagreement to simmer down." Under the 1970 and 1972 Agreements, he had no contractual right to intervene. Nor did he have any recourse when, to his great disappointment, his artwork in the 1976 Book was published not in color, but in black and white. It is simply not accurate -- despite the plaintiffs' insistence at trial -- to describe Hogarth as an equal partner with ERB.

At trial, plaintiffs argued that because the 1970 Agreement did not give ERB control over Hogarth's every pen stroke, it constitutes an "agreement to the contrary." Plaintiffs could cite no case law, however, to support the proposition that a proprietor's degree of control must extend over every aspect of the independent contractor's work, or to put it another way, that the presumption in favor of a finding that this is a work for hire can be rebutted by an agreement between ERB and Hogarth that ERB would not exercise control over the execution of his drawings even though it could choose the stories he would illustrate and could decide whether to publish all or none of his drawings. The case law suggests the contrary. The Picture Music standard, quoted above, for assessing control in a work-for-hire framework is stated in the alternative: if the hiring party has "the power to accept, reject, or modify her work," *Picture Music, 457 F.2d at 1217* (emphasis supplied), then the work is a work for hire. Notwithstanding the great respect ERB conferred on Hogarth and his skill as an artist, the relationship between ERB and Hogarth was a relationship of hiring party and independent contractor, one in which the former had an unconditional right to accept or reject the latter's work. In any event, the plaintiffs have not shown that

Hogarth and ERB had an agreement that ERB would not exercise control over the execution of his drawings. ERB's Board discussed whether Tarzan's face should be redrawn; Hodes involved himself deeply in the drawings for at least the 1972 Book; and, the 1976 Book was printed in black and white to Hogarth's dismay.

Finally, plaintiffs argue that the conveyance of rights by Hogarth in paragraph eight of the 1970 Agreement "necessarily" recognized that Hogarth had reserved the copyright in his work. If the work had been a work for hire, they argue, Hogarth would have had no rights to convey. In paragraph eight, the 1970 Agreement announced that

> the book will be copyrighted in the names of [ERB] and we shall be the exclusive proprietors thereof, subject always to our obligation to pay you your participation. You hereby grant us whatever riqhts we need to obtain the copyright in our name and to extend and renew that copyright wherever and whenever we can.

(Emphasis supplied). In Playboy, the Second Circuit heard a similar argument in the context of contractual provisions as ambiguous as those in the instant case. *Playboy, 53 F.3d at 557.* Because the 1909 Act only governed works after they were published, and left their protection before publication to common law copyright, the Court in Playboy found it entirely possible that such language merely protected the rights of the hiring party before publication. Here, the evidence is far stronger that ERB included this passage in the contract for that very reason. The proposed

contract for the ill-fated Special Edition project contained a provision almost identical to that in the 1970 Agreement, including an assignment of rights to the renewal term, and was at the same time explicitly intended as a work for hire arrangement. n4 Furthermore, unlike the contract at issue in Playboy or the work for hire provision drafted for the Special Edition project, paragraph 8 explicitly refers to ERB as the "proprietor" of the copyrights in the Books. Although not dispositive of the issue, the term "proprietor" is used by the 1909 Act and caselaw under it to refer to employers who induce the creation of a work for hire and thus own the copyright in it. See, e.g., *Shapiro, Bernstein & Co. v. Bryan, 123 F.2d 697, 700 (2d Cir. 1941)* ("When the employer has become the proprietor of the original copyright because it was made by an employee 'for hire,' the right of renewal goes with it, unlike an assignment.")

Even if the precise import of paragraph 8 to the 1970 Agreement remains unclear, and an explanation for its language consistent with a work for hire arrangement is "at least plausible," *Playboy, 53 F.3d. 557*, the conclusion would be only that paragraph eight neither "proves nor disproves that the parties intended something other than a work-for-hire relationship." Id. The plaintiffs cannot therefore adduce the 1970 Agreement to overcome the presumption that the Books were works for hire.

The soundness of this conclusion is underscored by the absence of record support for the plaintiffs' claim that Hogarth held the copyright to the Books as their sole author or that he ever perceived that he did. In contrast, there is a profusion of evidence that Hogarth

always considered ERB the sole and exclusive owner of all copyright interest in the Books, including in his original art published in the Books, that he recognized that ERB had sole and exclusive control over the project, and that he was quite satisfied to gain from Tarzan's renown, if not from any intellectual property rights. The reason for this understanding is not hard to glean. There was never any question but that the character Tarzan and the Tarzan stories authored by Burroughs were owned exclusively by ERB and that ERB had worked hard to protect and preserve those rights. They were the legacy bequeathed by Burroughs to his heirs. We need not explore here the ramifications for ERB's rights with respect both to trademark and copyright if the heirs of one of Tarzan's many illustrators are found somehow to have gained an ownership interest in even one part of that legacy.

The result reached here is not meant to impugn Hogarth's artistry, prominence, or even genius as an illustrator. If the purpose of copyright law is to promote original expression, however, then the holder of a copyright in an underlying work must be able to hire others -- including great artists -- to create original expression that is derivative of that underlying work without risking loss of exclusive control over the copyright. ERB undertook to do precisely that when it commissioned Hogarth to illustrate the Books. The evidence is compelling that ERB would have undertaken the project on no other terms. The evidence also shows that Hogarth fully understood this when he accepted the commission. For him, the perceived benefits of reuniting his creative energies with his beloved subject, Tarzan, were great. There is no inequity in finding that he functioned in this endeavor

as an employee for hire. It is not only the objective facts underlying the instance and expense test that dictate this result. It is just as apparent that at the time Hogarth agreed to produce the books, it was the joint understanding and intent of the parties that, for purposes of copyright law, the Books would be works for hire.

4. Time Bars

Plaintiffs also argue that ERB is time-barred from asserting work for hire authorship of the Books because it failed to correct the Books' copyright registrations listing Hogarth as an author of the illustrations of the 1972 Book and as the author of the entirety of the 1976 Book. Plaintiffs' argument proceeds in three steps. First, plaintiffs rely on *Merchant v. Levy, 92 F.3d 51, 56 (2d Cir. 1996),* for the proposition that a claim of authorship of a copyrighted work made more than three years after the claim has accrued is time-barred pursuant to *17 U.S.C. § 507,* which reads "no civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." Second, plaintiffs rely on *Stone v. Williams, 970 F.2d 1043 (2d Cir. 1992),* for the proposition that a "cause of action accrues when a [claimant] knows or has reason to know of the injury upon which the claim is premised." *Id. at 1048.* Third, plaintiffs argue that the mistaken copyright registrations for the Books constituted a "self-inflicted injury" for purposes of claim accrual since it impaired ERB's rights to the copyright during the renewal term, and that ERB was aware of this "injury" when it received a copy of the Books' registrations in 1973 and in 1978, and when it revised the registration for the

1976 Book in 1979. Thus, plaintiffs conclude, because ERB has been or should have been aware of the copyright registration forms since the 1970s, it is time-barred from arguing that any of the facts alleged in those applications are erroneous. n5

By this extended syllogism, plaintiffs seek to transform a prima facie presumption in favor of the facts alleged in a copyright registration into a conclusive presumption. Neither the 1909 Act nor the 1976 Act contains any provision suggesting that copyright registrations are, after a certain period of time, incontestable. Cf. *15 U.S.C. § 1065* (trademark registration may become incontestable if certain conditions are met, among them that the mark has been in continuous use for five years since the date of registration). This may explain why plaintiffs can identify no case in which the filing of a copyright registration adverse to a party's authorship status, without more, constitutes an injury that will begin the running of the statute of limitations period. Moreover, in Merchant, the "injury" that triggered the running of the limitations period was qualitatively different from the filing of an allegedly mistaken registration certificate. In Merchant, plaintiffs' injury consisted of the refusal by defendants and their predecessors, despite demands from plaintiffs, to pay royalties to plaintiffs from the exploitation of a well-known musical composition that the plaintiffs had written and recorded. *Merchant, 92 F.3d at 52-53.* Here, in contrast, both ERB and Hogarth acted from the beginning as if ERB was the "author" of the Books for purposes of copyright ownership. ERB knew of no injury because there was none. The injury came at the

earliest in 1999, when Hogarth's heirs asserted an undefined copyright claim in their letter to Disney.

Plaintiffs' arguments with respect to equitable estoppel and laches are similarly misguided. Until Disney's production of the Movie in 1999, none of the parties relied on the copyright registrations to their detriment in any cognizable manner. See *Kosakow v. New Rochell Radiology Assoc., P.C., 274 F.3d 706, 725 (2001)* (Under federal law, the "doctrine of equitable estoppel is properly invoked where the enforcement of the rights of one party would work an injustice upon the other party due to the latter's justifiable reliance upon the former's words or conduct."); *General Elec. Capital Corp. v. Armadora, 37 F.3d 41, 45 (2d Cir. 1994)* ("Under New York law, equitable estoppel requires a showing of," inter alia, "reliance upon the misrepresentations which causes the innocent party to change its position to its substantial detriment."); *Ivani Contracting Corp. v. City of New York, 103 F.3d 257, 259 (2d Cir. 1997)* (equitable defense of laches requires a showing of unreasonable delay by the party seeking equitable relief, resulting in prejudice to the party against whom the relief is sought).

II. The Paraqraph 3(c) Breach of Contract Claim

Whether or not plaintiffs have any copyright interest in the Books, the 1970 Agreement gave Hogarth and his heirs the right to share in "monies realized from the exploitation" of the Books. The prominence of the contract claim is underscored by the fact that over the course of this litigation, plaintiffs have abandoned any copyright claim based on any alleged substantial similarity between Hogarth's

artwork in the Books and the animated artwork in the Movie. Instead, plaintiffs now allege only that ERB gave Disney the right to "use" the Books when it licensed the Books to Disney, and that by the terms of paragraph 3(c) of the 1970 Agreement, plaintiffs are entitled to half of what Disney paid for that right. This breach of contract claim requires the analysis of two contracts: the Disney License and the 1970 Agreement.

A. The Disney License

The Disney License contains a California choice of law provision. "New York law is clear in cases involving a contract with an express choice-of-law provision: Absent fraud or violation of public policy, a court is to apply the law selected in the contract as long as the state selected has sufficient contacts with the transaction." *Hartford Fire Ins. Co. v. Orient Overseas Containers Lines (UK) Ltd., 230 F.3d 549, 556 (2d Cir. 2000).* In light of ERB and Disney's extensive contacts with the state of California, the Court applies California law to the interpretation of the Disney License.

Under California law, the fundamental goal of contract interpretation is to give effect to the mutual intent of the parties as it existed at the time of contracting. Cal. Civ. Code § 1636; *City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 68 Cal. App. 4th 445, 473-74 (Ct. App. 1998).* When a contract is reduced to writing, this intent "is to be ascertained from the writing alone, if possible." Cal. Civ. Code § 1639; see also *Brinton v. Bankers Pension Servs., Inc., 76 Cal. App. 4th 550, 559 (Ct. App. 1999).* Extrinsic evidence may be admitted to explain the meaning of a written instrument if it "is relevant to prove a meaning

to which the language of the contract is reasonably susceptible." *Barris Indus. v. Worldvision Enter., 875 F.2d 1446, 1450 (9th Cir. 1989)* (citing *Pacific Gas & Elec. Co. v. G.W. Thomas Drayage & Rigging Co., 69 Cal. 2d 33, 37, 69 Cal. Rptr. 561, 442 P.2d 641 (1968)).* Under California law, "[a] written contract must be read as a whole and every part interpreted with reference to the whole. Preference must be given to reasonable interpretations as opposed to those that are unreasonable, or that would make the contract illusory." *Shakey's Inc. v. Covalt, 704 F.2d 426, 434 (9th Cir. 1983)* (citations omitted).

The Disney License indicates in clear and unambiguous language that ERB intended to license to Disney, and Disney intended to be licensed, rights only in the trademark TARZAN and the written works of Edgar Rice Burroughs listed in Exhibits A and B of the Rights Agreement. This is the clear meaning of paragraph 1(a) of the Rights Agreement, quoted above, as well as of ERB's warranty in paragraph 14(b)(ii) that the "Stories are original with Edgar Rice Burroughs." The credits and advertising provisions of the Rights Agreement also show that ERB and Disney were concerned only with the written works of Burroughs. There is no dispute that the works listed in Exhibits A and B do not include the Books.

Plaintiffs' claim rests entirely on one paragraph of the Disney License -- paragraph 14(b)(ix)(A):

> (ix) (A) That, except as set forth in Exhibits "A" and "B," and except as set forth in subparagraph (B) below, to the best of [ERB's] knowledge, there are no other

> stories authorized by Burroughs or its predecessors in interest in which the TARZAN character appears. If there are any other Stories in which Burroughs has an interest, such stories shall be deemed Stories hereunder to the extent of Burroughs' rights therein, if any.

(Emphasis supplied). Plaintiffs contend that while "Stories" as defined in paragraph 1(a) refers to the narrow category of works written by Burroughs, "stories" as used in paragraph 14(b)(ix)(A) refers to a broader category of works authorized by ERB in which Tarzan appears. Thus, plaintiffs reason, while the Books may not constitute "Stories" as defined in paragraph 1(a), they are nevertheless "stories" for purposes of paragraph 14(b)(ix)(A). To the extent that paragraph 14(b)(ix)(A) provides that "stories shall be deemed Stories hereunder to the extent of [ERB's] rights therein," plaintiffs argue that the Books qualify as Stories under the Rights Agreement and were therefore licensed to Disney by the terms of the Disney License. In essence, then, plaintiffs contend that the Rights Agreement gives two definitions of the term "Story," the first in paragraph 1(a) and the second in paragraph 14(b)(ix), and that the latter definition is controlling.

This construction makes no sense. ERB and Disney were well aware not only of the Books but of years of comic strips and movies in which the Tarzan character appears. If the clause "stories authorized by [ERB]" was intended to refer to such material, then it would have been absurd for ERB to warrant that, with the exception of the original works written by Burroughs

that are listed in Exhibits A and B, "to the best of [ERB's] knowledge, there are no other stories authorized by [ERB]."

Unconnected to any specific clause in the Disney License, plaintiffs also argue that the rights to animate the Books were effectively licensed to Disney since, if ERB allowed someone else to animate the books, that would constitute a breach of the Disney License. This argument proves too much. The hypothetical breach described by the plaintiffs flows from Disney's rights to animate the tales written by Burroughs. The Books are affected only because they are derived from the same tales. That does not mean, however, that ERB licensed the Books to Disney. The explicit terms of the license will not stand such a construction.

There is a far less elaborate and more reasonable construction of paragraph 14(b)(ix)(A) than the one proffered by the plaintiffs. It is one which also has the virtue of being consistent with paragraph 1(a), the other provisions of the license, and the history of the negotiations between ERB and Disney. See Cal. Civ. Code § 1641 ("The whole of a contract is to be taken together, so as to give effect to every part, if reasonably practicable, each clause helping to interpret the other."). The function of paragraph 14(b)(ix)(A) was to give Disney rights in any material written by Burroughs in which Tarzan appears that has not yet been discovered, is unpublished, or is not listed in Exhibits A or B. By these terms, and by the terms of paragraph 14(b)(ix)(B), ERB warranted to Disney that during the license period, no other company would be licensed to produce a competing animated motion picture or television program based on Tarzan by

virtue of newly discovered writings of Burroughs for which the Disney license did not account.

Extrinsic evidence overwhelmingly supports this interpretation of paragraph 14(b)(ix)(A). In the negotiations leading up to the executed agreement, Disney requested that ERB add "the right to create artwork" to the Option and Rights Agreement because Disney believed that the language granting it the right to prepare "other material" and "designs for motion pictures" was not sufficiently broad to cover graphic depictions. This request, and ERB's accession to it, is consistent with a belief on the part of both parties that Disney was not being granted any rights in illustrations or artwork owned by ERB. Similarly, ERB's refusal, with respect to paragraph 1(b)(viii), to grant all other rights not expressly reserved is consistent with its desire to limit the rights granted to Disney to the literary works written by Burroughs and to only specific rights in those works.

The intent of ERB and Disney not to license the Books may also be inferred from their subsequent conduct. See *United States Cellular Inv. Co. of Los Angeles, Inc. v. GTE Mobilnet, Inc., 175 F.3d 560, 2002 WL 243623*, at *6 (Feb. 21, 2002 9th Cir.) ("Under California law, a court may consider the subsequent acts and conduct of the parties in the execution of the contract in order to determine the intent of those parties."). Plaintiffs have not pointed to any conduct by Disney that would suggest that Disney believed it had a right in the Books let alone made actual use of them. In fact, Disney's conduct suggests the contrary. In May 1999, while in the process of preparing an electronic press kit for the Movie, Disney wrote to ERB to ask for

permission to use various images of Tarzan from ERB's archives -- three of which were by Hogarth, incidentally, although none were from the Books.

In an attempt to counter the clear meaning of the contract and its confirmation by extensive extrinsic evidence, plaintiffs cite the deposition testimony of Mark Kenchelian, Senior Vice-President of Business and Legal Affairs, Walt Disney Pictures and Television, who represented Disney in the negotiations between ERB and Disney that led to the execution of the Disney License. Throughout his deposition, Kenchelian repeatedly stated, in essence, his understanding that Disney was "getting all rights to all the Tarzan books, and if there were any rights that were going to be excluded . . . that that would be specifically identified." Notwithstanding the tenacity with which Kenchelian stuck to this story through the course of his deposition, it is not consistent with either the Disney License or the record of the negotiations leading to its execution. As noted above, Kenchelian did not persuade ERB to grant all rights not expressly reserved. On the contrary, paragraph 1(b)(viii) provides only that ERB grants "such other rights with respect to the Property as are hereinafter set forth." Nor did Kenchelian win for his employer "all" rights. The rights conferred on Disney are precisely defined in paragraph 1 of the Rights Agreement. Nonetheless, the license that Kenchelian did negotiate was effective in granting Disney the exclusive right to animate the Tarzan tales written by Burroughs that are listed in Exhibits A and B or that are unpublished.

B. The 1970 Agreement

Even assuming that ERB did license to Disney rights in the Books, plaintiffs must still show that the provisions of the 1970 Agreement entitle them to share in the licensing fee paid by Disney. The 1970 Agreement contains no choice of law provision. The parties agree, however, that New York law should be applied. That agreement is sufficient to establish choice of law. See *American Fuel Corp. v. Utah Energy Dev. Co., 122 F.3d 130, 134 (2d Cir. 1997).*

Under New York law, the primary objective of contract interpretation "is to give effect to the intent of the parties as revealed by the language they chose to use." *Seiden v. ANC Holdings, Inc., 959 F.2d 425, 428 (2d Cir. 1992).* Where, as here, the written agreement does not contain an integration clause, the court must determine whether the agreement is integrated "by reading the writing in the light of surrounding circumstances, and by determining whether or not the agreement was one which the parties would ordinarily be expected to embody in the writing." *Braten v. Bankers Trust Co., 60 N.Y.2d 155, 162, 468 N.Y.S.2d 861, 456 N.E.2d 802 (1983).* The "surrounding circumstances" suggest that ERB and Hogarth did not intend the 1970 Agreement to be an integrated agreement. After execution of the agreement, the two parties continued to negotiate issues with which the agreement had dealt. In light of these circumstances, extrinsic evidence may be considered to interpret the contract. See *Bourne v. Walt Disney Co., 68 F.3d 621, 628 (2d Cir. 1995)* (if the court concludes that the agreement was not intended to be a complete integration, then extrinsic evidence may be admitted for purposes of contract interpretation).

In seeking to establish their entitlement to a share of the Disney license fee, plaintiffs rely on paragraph 3(c) of the 1970 Agreement, which states in pertinent part that

> we [ERB] will pay you [Hogarth] . . . 50% of all net monies realized by us from the exploitation of the book. That is, your participation extends to hardcover editions, serializations, and the like and to the use of the artwork contained in the book or any significant portion of it for other media, such as film strips, animated television productions, premium booklets, art portfolios or similar uses.

(Emphasis supplied). Paragraph 3(c) specifies two ways that the Books may be "exploited," first, by the republication of the Books in other formats, and second, by the "use of the artwork" within the Books in other media, "such as film strips [or] animated television productions." Plaintiffs do not argue that ERB's alleged licensing of the Books to Disney falls within the first form of exploitation. Rather, plaintiffs contend that the act of licensing constitutes a "use of the artwork . . . for other media," specifically the Movie, and that the artwork was "used" for purposes of paragraph 3(c) when ERB granted to Disney the right to make use of the Books, regardless of whether Disney actually availed itself of this right in making the Movie. The plaintiffs do not contend for purposes of this analysis that the Movie actually used any of Hogarth's art from the Books or that there is any similarity between the images in the Books and the Movie.

The Disney License did not, however, define "use" to include use of the artwork in the Books. Paragraph 1(a) of the license gave Disney the right to create "animated motion pictures . . . based upon the characters, plots, settings, themes and incidents in or suggested by" the Stories. Thus, even if the Books qualify as Stories under the Disney License -- which they do not --, only certain elements of Books were licensed, namely, their "characters, plots, setting, themes and incidents." Plaintiffs cannot reasonably claim ownership rights over these elements of the Books since they were clearly based on Burroughs's original novels.

It is notable that the Disney License expressly gave permission to Disney to use a limited number of words from the stories for purposes solely of advertising the Movie. There is no similar provision for artwork. The terms of paragraph 3(c) of the 1970 Agreement limit Hogarth's entitlement specifically to the "use of the artwork" in the Books. Plaintiffs cannot claim any share of the Disney License fee because the Disney License never granted Disney the right to make "use of the artwork," if any, in the Stories.

Finally, the construction that plaintiffs impose on the second component of the exploitation rights in the 1970 Agreement was a construction specifically rejected in the negotiation of the agreement. The phrase "use of the artwork contained in the book" was included in the 1970 Agreement instead of the clause "licensing or sale of the book for use in connection with . . . television." It would appear that Hogarth and ERB each benefitted from the language chosen for the final agreement: Hogarth succeeded in broadening the clause to refer to "other media" without any limitation,

and ERB succeeded in limiting the clause to the "use of the artwork" from the Books.

III. The Original Art for the 1972 Book

Plaintiffs' final claim is that they are entitled to the original art for the 1972 Book since it is undisputed that ERB never built a museum. The 1970 Agreement gave the original art for the first book to ERB and for the second book to Hogarth. In 1974, Hogarth delivered the original art for the 1972 Book to ERB. In the more than two decades that followed until his death in 1996, Hogarth never requested the return of that art because ERB had failed to build a museum. His conduct is compelling evidence that he did not consider ERB's failure a material breach of the 1970 Agreement or a ground permitting him to demand the art.

The language in the 1970 Agreement itself indicates that ERB is entitled to the art even though it has not been placed in a museum. The contract divided the art in a sentence that made no reference to a museum. The reference to a museum is contained in a second sentence and is described as a reason ERB "desire[s]" the artwork. Finally, the contract described how the proceeds of any sale of ERB's artwork would be divided with Hogarth. A sale by ERB, of course, would have been inconsistent with ERB's placing the art in a museum.

Conclusion

For the foregoing reasons, plaintiffs' petition for a declaration that Hogarth is the sole author of the Books and that plaintiffs are successors to the copyright

renewal terms of the Books is denied. Plaintiffs' claims for breach of contract are also denied. The Clerk of Court shall enter judgment for defendant and close the case.

SO ORDERED:

Dated: New York, New York
March 15, 2002
DENISE COTE
United States District Judge

Footnotes

n1 Hodes's revisions were detailed and in many cases significantly improved the text accompaniment to the illustrations. For example, where Hogarth wrote,

> Black Michael turned to Clayton with a word of thanks. And thus was forged the first link in what was to form a chain of circumstance in a life of one yet unborn such as has never probably been paralleled in the history of man.

Hodes modified the language to read,

> Black Michael turned to Clayton with a word of gruff thanks. The incident had ended but thus was forged the first link of what was destined to form a chain of circumstances ending in a life of one yet unborn such as has never been paralleled in the life of man.

Hodes's version was used in the published edition of the book. Hodes also frequently crossed out entire pages of Hogarth's proposed text and urged their replacement with direct quotations from the Burroughs novel.

Hodes also gave Hogarth directions regarding the illustrations. He suggested which scenes to illustrate and occasionally which should fill a complete page. For example, he advised Hogarth to devote full-page treatments to the night of Tarzan's birth, to the moment just after Tarzan vanquishes his foe Tublat, and to the intervention by Lord Greystoke, Tarzan's father, in an attempted mutiny by the crew of the "Fuwalda." This latter suggestion by Hodes is particularly noteworthy in that Greystoke's intervention is not a significant moment in the story, but is nevertheless one which is especially well-suited to a full-page illustration. In each of these instances, Hogarth had planned smaller panel illustrations of the events, but created them as Hodes directed for the final edition of the 1972 Book. Elsewhere, Hodes recommended when illustrations should not appear, as when he suggested to Hogarth "a full page of text here, with only a border of drawings -- a nice change of pace. I would use beginning of Chapter 3." Many similar suggestions by Hodes were incorporated into the final published version of the 1972 Book.

n2 Plaintiffs have submitted a two-paragraph thank you note written by a Disney animator to Hogarth to show that Hogarth gave a series of five seminars on illustration to Disney animators sometime in 1988. Plaintiffs have failed to specify, however, who was in attendance at these seminars, where they occurred, or

what significance they have with respect to the Disney License.

n3 Because the competing registrations that were filed by the parties in 1999, were filed when this litigation was readily foreseeable, they will be accorded no evidentiary weight.

n4 Plaintiffs cite *Dolman v. Agee, 157 F.3d 708 (9th Cir. 1998)*, and *Marascalco v. Fantasy Inc., 17 U.S.P.Q.2d 1409 (C.D. Cal. 1990)*, for the proposition that a contract provision in which the creator of a work assigns his rights to the renewal term of a copyright in the work necessarily precludes a determination that the assignee is the proprietor of the work as a work for hire since a renewal term assignment can only refer to a statutory copyright assignment. Dolman does not address the assignment of the renewal term or even provide the language of the assignment at issue there. In any event, there was insufficient evidence in Dolman of a work for hire, *157 F.3d at 712*, and the employer was challenging an assignment even though its subsidiary had received the benefit of the assignment. *Id. at 713.* In Marascalco, the court relied on the assignment of the renewal term as additional evidence that the work was not one made for hire. 17 U.S.P.Q.2d at *1410. Like Dolman, Marascalco involved an employee rather than an independent contractor. Neither case is sufficiently compelling to suggest a departure from the reasoning of the Second Circuit in Playboy.

n5 In a related argument, plaintiffs assert that the defendant cannot resort to the work for hire doctrine because one of its outside counsel saw the copyright

registrations prior to 1982. The record, including evidence examined by the Court in camera at the request of the parties, is clear that that attorney was not asked by ERB to advise it about the legal effect of either those registrations or the 1970 Agreement with respect to the work for hire doctrine until after the plaintiffs sent their demand letter to Disney in 1999. The only assistance requested from counsel in connection with the registration forms was assistance in correcting the misspelled name "Edgar" in the registration for the 1976 Book. In response, the attorney forwarded copyright office forms that could be used to correct the mistake with instructions for their use. Possession by outside counsel of the registrations without any request for, or rendering of, advice about the issues now at issue does not bar the defendant from relying on the work for hire doctrine.

00 CIV. 9569 (DLC)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

THE ESTATE OF BURNE HOGARTH; BURNE HOGARTH DYNAMIC MEDIA WORLDWIDE LLC; MICHAEL HOGARTH; RICHARD HOGARTH; and ROSS HOGARTH, as the children of deceased author Burne Hogarth,
Plaintiffs,

-v-

EDGAR RICE BURROUGHS, INC.,
Defendant.

May 15, 2001, Decided
May 16, 2001, Filed

COUNSEL: For Plaintiffs: James H. Neale, Henry G. Burnett, Owen & Davis PC, New York, NY.

For Defendant: Roger L. Zissu, Fross Zelnick Lehrman & Zissu, P.C., New York, NY.

JUDGES: DENISE COTE, United States District Judge.

OPINION BY: DENISE COTE

OPINION:

OPINION AND ORDER

DENISE COTE, District Judge:

Plaintiffs, The Estate of Burne Hogarth ("Hogarth Estate"), Burne Hogarth Dynamic Media Worldwide LLC, Michael Hogarth, Richard Hogarth, and Ross Hogarth, filed this action on December 15, 2000; they filed an amended complaint on January 26, 2001. Plaintiffs seek a declaration that two books published in the 1970s are not "works made for hire" and that they are the sole owners and copyright proprietors of the copyright renewal term in the books. Prior to the conduct of discovery, defendant moves for summary judgment and plaintiffs move to disqualify defendant's counsel. Both motions are denied.

BACKGROUND

Plaintiffs are the children, the estate, and the estate administrator of Burne Hogarth ("Hogarth"). Hogarth was the illustrator of the syndicated comic strip "Tarzan" from approximately 1937 through 1950. Edgar Rice Burroughs was the author of the 1912 book "Tarzan of the Apes" and subsequent Tarzan stories. Defendant Edgar Rice Burroughs, Inc. ("Burroughs") is the California corporation established by Edgar Rice Burroughs to manage the business of licensing the rights in his literary creations. Edgar Rice Burroughs died in 1950, and Burroughs is owned by his descendants. Burroughs owns the copyright and trademark rights to exploit the Tarzan character in all media.

On November 16, 1970, Hogarth and Burroughs entered into an agreement under which Hogarth would create a pictorial Tarzan book based upon

approximately one-half of Burroughs' 1912 book "Tarzan of the Apes." On August 25, 1972, Burroughs entered a separate publishing agreement with Watson-Guptill; Burroughs granted Watson-Guptill the right to publish the first pictorial Tarzan book and an option to publish the next in a contemplated Tarzan book series. Pursuant to the agreement, Hogarth illustrated two books, "Tarzan of the Apes," published in 1972, and "Jungle Tales of Tarzan," published in 1976 (hereinafter, the "Books"). Each Book has a lengthy introduction devoted to Hogarth's life and his art, as well as a separate illustrated Tarzan story.

As the publisher, Watson-Guptill applied for copyright registrations for the Books. On June 15, 1973, Watson-Guptill filed an application in the United States Copyright Office for registration of a copyright in the 1972 "Tarzan of the Apes." The 1973 application included the names Edgar Rice Burroughs (deceased) and Hogarth in the area designated for listing the authors of the Book, which it described as "Burne Hogarth's pictorial version of Edgar Rice Burroughs' novel." Based upon this application, the Copyright Office issued Registration No. A442848 to Burroughs. On October 8, 1976, Watson-Guptill filed an application for registration of a copyright in the 1976 "Jungle Tales of Tarzan." The 1976 application listed only Hogarth as the author. Based upon this application, the Copyright Office issued Registration No. A789026 to Burroughs. Burroughs' officer Marion Burroughs corrected the 1976 registration in 1979, by adding "Edgar Rice Burroughs" as the author of the original text. She did not, however, remove the registration's listing of Hogarth as an author. Hogarth died in 1996.

In 1994, Burroughs entered into licensing agreements with The Walt Disney Company ("Disney") for an animated feature-length Tarzan movie. The movie was distributed in June 1999. By letter dated September 8, 1999, the Hogarth Estate's attorney, Barbara Hoffman, wrote Disney a letter, which stated that the Hogarth Estate believed that Disney had "unlawfully appropriated and infringed its intellectual property and artistic rights in connection with the recently released animated feature film entitled Disney's Tarzan." The Hogarth Estate demanded that Disney "cease and desist all publication, exhibition, distribution, sale and other exploitation" of the movie and related materials. By letter dated October 13, 1999, Burroughs' attorney Roger L. Zissu ("Zissu") wrote the Hogarth Estate and asserted that "[Burroughs] is the sole copyright owner and has always had control of the Tarzan character; [Burroughs] licensed those rights to Disney for its movie."

On October 14, 1999, Zissu filed a "correction" to the 1973 registration for "Tarzan of the Apes." ("Form CA"). The Form CA asserts that the 1973 registration incorrectly listed Edgar Rice Burroughs and Burne Hogarth as authors of the Book, and instead, asserts that Burroughs should have been listed as the author. On October 14, 1999, Zissu also filed a "correction" to the 1976 registration for "Jungle Tales of Tarzan." ("Form CA Jungle"). The Form CA Jungle asserts that the 1976 registration incorrectly listed Edgar Rice Burroughs and Hogarth as authors of the Book, and instead, asserts that Burroughs should have been listed as the author. The Form CA and Form CA Jungle each explain that the "correction" was made because: "Work was one made for hire."

Plaintiffs seek a declaration that the Books are not "works made for hire" and that they are the sole owners and copyright proprietors of the copyright renewal term in the Books. Defendant moves for summary judgment on the basis that Hogarth's works were "works made for hire" as a matter of law.

DISCUSSION

Copyright Claims

Summary judgment may not be granted unless the submissions of the parties, taken together, "show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Rule 56(c), Fed. R. Civ. P. The substantive law governing the case will identify those issues that are material, and "only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1987). The moving party bears the burden of demonstrating the absence of a material factual question, and in making this determination the Court must view all facts in the light most favorable to the nonmoving party. Azrielli v. Cohen Law Offices, 21 F.3d 512, 517 (2d Cir. 1994). When the moving party has asserted facts showing that the nonmovant's claims cannot be sustained, the opposing party must "set forth specific facts showing that there is a genuine issue for trial," and cannot rest on the "mere allegations or denials" of his pleadings. Rule 56(e), Fed. R. Civ. P. See also Goenaga v. March of Dimes Birth Defects Found., 51 F.3d 14, 18 (2d Cir. 1995). In deciding whether to

grant summary judgment, this Court must, therefore, determine (1) whether a genuine factual dispute exists based on the evidence in the record and (2) whether the facts in dispute are material based on the substantive law at issue.

As discussed above, the central questions in this case are whether the 1972 and 1976 Books are "works made for hire," and whether the plaintiffs own the renewal rights to the Books. The parties agree that, because the two Books were created before January 1, 1978, when the 1976 Copyright Act became effective, the 1909 Copyright Act, 17 U.S.C. § 24 et seq. (1976) (repealed) ("1909 Act"), governs the question of whether the Books were "works made for hire." "The work-for-hire issue determines the author of the works, and therefore who can later transfer the copyright." Playboy Enterprises, Inc. v. Dumas, 53 F.3d 549, 553 (2d Cir. 1995). Of particular importance to this case, the work for hire issue also determines who owns the copyright renewal rights for the Books. Stewart v. Abend, 495 U.S. 207, 219-20, 109 L. Ed. 2d 184, 110 S. Ct. 1750 (1990).

Under the 1909 Act, works for hire were only mentioned in the definition section, which stated that "in the interpretation and construction of this title . . . the word 'author' shall include an employer in the case of works made for hire." 17 U.S.C. § 26. "Under this definition, an 'employer' who hires another to create a copyrightable work is the 'author' of the work for purposes of the statute, absent an agreement to the contrary." Playboy, 53 F.3d at 554. The statute did not define the terms "employer" or "works made for hire." Id. In Brattleboro Publ'g Co. v. Winmill Publ'g Corp., 369 F.2d 565, 567-68 (2d Cir. 1966), the Second Circuit

held that an independent contractor is an "employee" and a hiring party an "employer" for purposes of the 1909 Act if the work is made at the hiring party's "instance and expense."

The "instance and expense" test is met when the "'motivating factor in producing the work was the employer who induced the creation.'" Playboy, 53 F.3d at 554 (citation omitted). Further, "'an essential element of the employer-employee relationship, [is] the right of the employer to direct and supervise the manner in which the writer performs his work.'" Id. (citation omitted). "Once it is established that a work is made for hire, the hiring party is presumed to be the author of the work." Id. This presumption can be overcome by evidence of a contrary-written or oral agreement. Id.

Here, defendant argues that Burroughs is the presumed "author" of the Books because the "instance and expense" test has been met, thereby proving that the Books were "works made for hire" by Hogarth for Burroughs. Material issues of fact exist, however, regarding whether these Books were made at the "instance and expense" of Burroughs.

As an initial matter, the copyright registrations listed Hogarth as the "author" of both Books. The presumption created by these registrations finds support in the Books themselves. For example, the cover of each Book states that the Book is "By Burne Hogarth." A fact finder could determine that the Books are primarily vehicles to present Hogarth's artistic skill in the context of his work on the Tarzan story. In the 1972 "Tarzan of the Apes," the 24-page introduction is devoted to Hogarth and his artistic achievements.

Similarly, in the 1976 "Jungle Tales of Tarzan," the 35-page introduction is devoted entirely to Hogarth's life and artwork.

In addition, plaintiffs have introduced evidence that Hogarth was the "motivating factor" for the creation of the Books, thus raising a material issue of fact as to whether the Books were created at Burroughs' "instance." Plaintiffs have submitted affidavits from the attorney who represented Hogarth during his negotiations with Burroughs over the 1972 and 1976 Books and from the Editorial Director from Watson-Guptill who worked with Hogarth on the Books, both of whom state that it was Hogarth's idea to create the Books.

Moreover, the 1970 Agreement provided that Hogarth would be the "final judge of the artwork" and allowed Hogarth to maintain physical ownership of at least half of the original artwork for the Books. These facts raise a material issue as to whether Burroughs had the right-to "'direct and supervise'" Hogarth's work. Finally, with respect to the "expense" factor, plaintiffs have shown that the 1970 Agreement between Hogarth and Burroughs provided Hogarth with a 50% royalty share in net revenues, a factor that weighs against finding a work for hire relationship. 53 F.3d at 555.

From this and other evidence, a reasonable jury could conclude that Hogarth was indeed an author of the two Books and that the Books were not "works made for hire." Accordingly, summary judgment on the copyright claims is denied. n1

Disqualification of Defendant's Counsel

Plaintiffs move to disqualify Zissu, his partner Lisa Pearson ("Pearson"), and their law firm, Fross Zelnick Lehrman & Zissu, P.C. ("Fross Zelnick"), as defendant's counsel in this case because (1) Zissu or Pearson should be called to testify as a witness in this case; (2) Fross Zelnick's representation of Burroughs is a conflict of interest; and (3) Fross Zelnick's representation of Burroughs creates an "appearance of impropriety." Motions to disqualify are subject to strict scrutiny because of their potential to be used for tactical purposes. Lamborn v. Dittmer, 873 F.2d 522, 531 (2d Cir. 1989).

1. Lawyers as Witnesses

Fross Zelnick has had a longstanding relationship with Burroughs, and it has generally provided intellectual property advice to Burroughs. There is no evidence, however, that Fross Zelnick had any role in connection with the Books in the 1970s. While Zissu represented Burroughs in the late 1970s, there is no allegation that Zissu did any work in connection with the two Books at that time. Pearson did not join Fross Zelnick until 1991, and does not have any personal knowledge regarding the Books.

Plaintiffs argue that Zissu could testify about why Burroughs did not assert that the Books were "works made for hire" until 1999, and point to the fact that Zissu sent Burroughs' officer Marion Burroughs a blank Form CA in 1979, to correct the 1976 copyright registration. n2 There is no evidence, however, that Zissu completed the 1979 Form CA or that he advised Marion Burroughs on the substance of any correction.

As to the Forms CA that Zissu filed in 1999, on behalf of Burroughs, which removed Hogarth as the author and asserted that the two Books were "works made for hire," Fross Zelnick concedes that these corrections have no evidentiary weight. Only the original 1973 and 1976 registrations, not subsequent corrections, are prima facie evidence of the facts stated therein. See 17 U.S.C. § § 408(d), 410(c); 37 C.F.R. § 201.5(d)(2). In any event, these corrections were not made based on any personal knowledge Fross Zelnick had of the underlying facts. At most, they reflect an attorney's legal conclusion regarding his understanding of historical facts and would, as such, be inadmissible opinion evidence.

Plaintiffs have not shown that either Pearson or Zissu are a witness to any events of moment in this case or that their testimony would be necessary or prejudicial to Burroughs. Even with respect to the 1994 Burroughs license to Disney, Zissu provided only general advice to Burroughs regarding "continuing copyright protection outside the United States (under the Berne Convention) for the Tarzan literary works for which U.S. copyright protection had expired." This issue is not presented in the instant case. Disqualification is thus not warranted under the Code of Professional Responsibility DR 5-102 (c) or (d). n3

2. Fross Zelnick's Prior Representation of Plaintiffs

Plaintiffs also assert that Fross Zelnick's representation of Burroughs creates an "appearance of impropriety" because Pearson and Fross Zelnick represented the Hogarth Estate from 1998 through 1999. The prior representation of the Hogarth Estate

was limited, unrelated to this litigation, and in any event, only undertaken after the Hogarth Estate signed a "waiver and consent" letter acknowledging Fross Zelnick's longstanding representation of Burroughs.

During 1998, the Hogarth Estate sought to retain Fross Zelnick in connection with "general copyright advice." Fross Zelnick partner Pearson disclosed that Burroughs was a longstanding client of the law firm and that the firm would only represent the Hogarth Estate if it executed a waiver of any claim of conflict. By letter dated September 16, 1998, Pearson wrote Richard Hogarth, executor of the Hogarth Estate:

> As I mentioned to you during our initial meeting, this firm has represented Edgar Rice Burroughs, Inc., its shareholders and the Burroughs family ("Burroughs") on a broad range of matters including counseling and litigation, for many years. I would appreciate it if you could countersign this letter below to confirm that the Estate of Burne Hogarth consents to our continuing representation of Burroughs as we have in the past and is not seeking to retain us in any matter where our services would be adverse to the interests of Burroughs.

(emphasis supplied). Richard Hogarth countersigned the letter. Based upon a similar letter from Pearson, Burroughs also consented to Fross Zelnick's representation of the Hogarth Estate.

Fross Zelnick's limited representation of the Hogarth Estate in 1998 and 1999, was in connection with a video tape entitled "Draw the Human Head," produced by Howard Beckerman, which was based on a 1965 book by Hogarth entitled "Drawing the Human Head." The Hogarth Estate wanted either to obtain royalties for the sale of the video tape or stop further distribution of it. During the period of representation, the Hogarth Estate never consulted Fross Zelnick on anything related to Tarzan or Burroughs. Pearson provided the Hogarth Estate with a letter dated October 29, 1998, which explained the nature of copyright renewal procedures applicable to works created under the 1909 Copyright Act and gave general advice about renewing copyrights owned by Hogarth. Fross Zelnick was not asked to and did not advise the Hogarth Estate about filing copyright renewals for specific works. Fross Zelnick completed its substantive work for the Hogarth Estate in June 1999, and the firm's last contact with the Estate was on August 26, 1999, when the Hogarth Estate and Howard Beckerman executed a settlement agreement with respect to the "Draw the Human Head" video tape.

Plaintiffs argue that Fross Zelnick's representation of the Hogarth Estate continued until October 1999, and that it was therefore improper for Zissu to write the Estate -- a current client -- a letter in response to its September 8, 1999 "cease and desist" letter to Disney.

The Hogarth Estate knew of the firm's longstanding and continued representation of Burroughs when it asked the firm to represent it in 1998, on a matter entirely unrelated to Burroughs, Tarzan, or the Books. The Hogarth Estate explicitly consented to the firm's

continued representation of Burroughs. The limited matter for which the Hogarth Estate retained the firm was for all practical purposes over when the Hogarth Estate -- using a different law firm -- threatened Disney with suit. Under these circumstances, there is no "appearance of impropriety" created by Fross Zelnick's representation of Burroughs in this lawsuit.

CONCLUSION

For the reasons stated, defendant's motion for summary judgment is denied. Plaintiffs' motion to disqualify defendant's counsel is denied. The parties shall submit within two weeks of today a proposed schedule for the conduct of this litigation.
SO ORDERED:

Dated: New York, New York
May 15, 2001
DENISE COTE
United States District Judge

FOOTNOTES

n1 The bulk of the parties' arguments relate to the federal copyright issues. The defendant asked in summary form that, should the federal claims be dismissed, the state law claims should also be dismissed. Since summary judgment is not appropriate on the federal claims, the Court declines to discuss the limited arguments made on the state law claims.

n2 As discussed above, Marion Burroughs corrected the copyright registration by adding the name of Edgar Rice Burroughs as one of the authors, in addition to

Hogarth.

n3 For the same reasons, the Court does not find that Fross Zelnick's representation of Burroughs creates a conflict of interest between the firm and their client. Plaintiffs have not shown that "the exercise of professional judgment on behalf of the client will be or reasonably may be affected by the lawyer's own . . . personal interests." N.Y. Comp. Codes R. & Regs. tit. 22, § 1200.20 (McKinney 1999).

Dkt No. 02-7312

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

THE ESTATE OF BURNE HOGA,
Appellant,

v.

EDGAR RICE BURROUGHS,
Appellee.

October 15, 2003 Filed

A petition for panel rehearing and a petition for rehearing en banc having been filed herein by the appellants Burne Hogarth Dynamic Media Worldwide LLC, Estate of Burne Hogarth et al.

Upon consideration by the panel that decided the appeal, it is ordered that said petition for rehearing is DENIED.

It is further noted that the petition for rehearing en banc has been transmitted to the judges for the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

FOR THE COURT
ROSEANN B. MACKECHNIE, Clerk

By: Arthur M. Heller,
Motions Staff Attorney

17 U.S.C. Section 24.

Duration, renewal and extension

The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: Provided, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: And provided further, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of

copyright: And provided further, That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.